Annual Financial Statements

2014

Management Report for the Group and Parent Company

Annual Financial Statements of the Parent Company acc. to HGB

united internet

Content

Note:
Due to calculation processes, tables and references may produce rounding differences from the mathematically exact values (monetary units, percentage statements, etc.).

The Annual Financial Statements are available in German and English. Both versions can be downloaded from www.united-internet.com. In all cases of doubt, the German version shall prevail.

1 Company and Group profile

1.1 Business model

Group structure

Founded in 1998 and based in Montabaur, Germany, United Internet AG (hereinafter shortened to: United Internet) is the Group parent company of the United Internet Group.

As the Group's holding company, United Internet AG focuses mainly on centralized functions such as corporate controlling and accounting, press relations (PR), investor relations (IR), investment management, risk management, internal audit, and HR management.

In its fiscal year 2014, United Internet AG continued to drive the alignment of its Group structure with the company's segments/business fields (Access and Applications). The Access business and Applications business of United Internet AG are now separated in the sub-group 1&1 Telecommunication Holding SE and the sub-group 1&1 Internet AG, respectively.

Within the sub-group 1&1 Telecommunication Holding SE, the operating segment Access is managed in particular by 1&1 Telecom GmbH and Versatel Deutschland GmbH (acquired on October 1, 2014).

Operating activities in the Applications segment are primarily managed by 1&1 Internet AG, including its main domestic and foreign subsidiaries. These include (in the field of Business Applications) – in addition to 1&1's foreign subsidiaries 1&1 Internet Inc. (USA), 1&1 Internet Ltd. (UK), 1&1 Internet S.A.R.L. (France), 1&1 Internet España S.L.U. (Spain) and 1&1 Internet Sp.z o.o (Poland) – especially Arsys Internet S.L., Fasthosts Internet Ltd., InterNetX GmbH and united-domains AG, as well as (in the field of Consumer Applications) the companies now held under GMX & WEB.DE Mail & Media SE, 1&1 Mail & Media GmbH, 1&1 De-Mail GmbH, United Internet Media GmbH and affilinet GmbH. Sedo Holding GmbH (held by United Internet Ventures as of the balance sheet date) is also consolidated in the Applications segment.

In addition to these operative and fully consolidated subsidiaries, United Internet holds further investments. These mainly consist of the equity interests held by United Internet Ventures AG in the listed companies Goldbach Group AG, Switzerland (14.96%), Hi-Media S.A., France (10.50%), and Rocket Internet AG, Germany (8.18%), as well as the investments in Virtual Minds AG (48.65%), ProfitBricks GmbH (30.02%), Open-Xchange AG (28.36%), ePages GmbH (25.1%) and uberall GmbH (30.36%; formerly favor.it labs GmbH).

Further details on new investments, or changes in existing investments, are provided in section 2.2 "Business development" under "Group investments".

Simplified illustration of the Group structure (as of December 31, 2014) with significant operating subsidiaries and investments:

United Internet AG

- **1&1 Internet AG (100%)**
  - 1&1 Internet USA (100%)
  - 1&1 Internet UK (100%)
  - 1&1 Internet FR (100%)
  - 1&1 Internet ES (100%)
  - 1&1 Internet PL (100%)
  - Arsys (100%)
  - Fasthosts (100%)
  - InterNetX (95.56%)
  - united-domains (100%)
  - GMX & WEB.DE Mail & Media SE (100%)
    - 1&1 Mail & Media (100%)
    - 1&1 De-Mail (100%)
    - United Internet Media (100%)
    - Affilinet (100%)
- **1&1 Telecommunication Holding SE (100%)**
  - 1&1 Telecom (100%)
  - Versatel (100%)
- **United Internet Ventures AG (100%)**
  - Goldbach Group (14.96%)
  - Hi-Media (10.50%)
  - Rocket Internet (8.18%)
  - Sedo Holding (100%)
  - Virtual Minds (48.65%)
  - ProfitBricks (30.02%)
  - Open-Xchange (28.36%)
  - ePages (25.1%)
  - uberall (30.36%)

Business operations

With 14.78 million fee-based customer contracts and 32.12 million ad-financed free accounts around the world, United Internet is Europe's leading internet specialist.

The Group's operating business is divided into the two segments "Access" and "Applications".

The **Access segment** comprises the Group's fee-based fixed-line and mobile access products, including the respective applications (such as home networks, online storage, telephony or video-on-demand). United Internet operates exclusively in Germany in this segment, where it is one of the leading providers. The company remains largely independent of network providers by purchasing standardized network services from various pre-service providers. These are enhanced with end-user devices, self-developed applications and services from the company's own "Internet Factories" in order to differentiate them from the competition. Access products are marketed by the well-known brands GMX, WEB.DE and 1&1, which enable the company to offer a comprehensive range of products to a mass market while also targeting specific customer groups. With the complete takeover of Versatel on October 1, 2014, United Internet now also has its own network. With a length of around 39,000 km, it is Germany's second-largest fiber-optic network. With its own network infrastructure, United Internet also has the opportunity to source internally produced DSL pre-services. Moreover, Versatel adds voice, data and network solutions for small and medium-sized companies, as well as infrastructure services for large corporations, to the existing product portfolio.

The **Applications segment** comprises the Group's application business – whether ad-financed or via fee-based subscriptions. These applications include domains, home pages, webhosting, servers and e-shops, Personal Information Management applications (e-mail, to-do lists, appointments, addresses), group work, online storage and office software. The applications are developed by the company's "Internet Factories" or in cooperation with partner firms and operated at the company's seven data centers. In its Applications segment, United Internet is also an internationally leading company and active in numerous European countries (Germany, France, the UK, Italy, Austria, Poland, Switzerland, Spain) as well as in North America (Canada, Mexico, USA). Applications are marketed to specific target groups via the differently positioned brands GMX, mail.com, WEB.DE, 1&1, Arsys, InterNetX, Fasthosts and united-domains. United Internet also offers its customers performance-based advertising and sales platforms on the internet via Sedo and affilinet.

Management

In the fiscal year 2014, the **Management Board** of United Internet AG comprised the company's founder and Chief Executive Officer Mr. Ralph Dommermuth, the deputy chair and Management Board member responsible for Business Applications Mr. Robert Hoffmann (with the company since 2006) and the Chief Financial Officer Mr. Norbert Lang (with the company since 1994).

With effect from October 1, 2014, the Supervisory Board of United Internet AG appointed Mr. Jan Oetjen and Mr. Martin Witt to the company's Management

Board. In his new position, Mr. Oetjen is responsible for United Internet's Consumer Applications business. His previous operating role as CEO of the Group subsidiary GMX & WEB.DE Mail & Media SE is not affected. The same applies to Mr. Witt, who is responsible for the Access business of United Internet AG and at the same time remains CEO of the Group subsidiary 1&1 Telecommunication Holding SE.

Born in 1972, Jan Oetjen joined the United Internet Group in October 2008 and has since been responsible for the E-Mail and Portal businesses (Consumer Applications) of the GMX and WEB.DE brands. Under his leadership, United Internet acquired the e-mail portal mail.com in 2010. He also headed the Group's launch of De-Mail services in 2013 as well as the security initiative "E-Mail made in Germany".

Martin Witt, born in 1955, has been working for the United Internet Group since June 2009 and has been responsible for the Group's Access business since July 2011. In 2013, Mr. Witt was elected to the Executive Committee of the German Association of Telecommunications and Value-Added Service Providers (Verband der Anbieter von Telekommunikations- und Mehrwertdiensten e. V. – VATM) and elected as its President on October 1, 2014. He is also actively engaged in the NGA Forum of Germany's Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway (Bundesnetzagentur) as well as the German government's IT Summit.

Since October 1, 2014, the Management Board of United Internet AG has thus comprised five members:

- Ralph Dommermuth, CEO
- Robert Hoffmann, deputy chair, Management Board member responsible for Business Applications
- Norbert Lang, CFO
- Jan Oetjen, Management Board member responsible for Consumer Applications
- Martin Witt, Management Board member responsible for Access

The **Supervisory Board** elected by the Annual Shareholders' Meeting once again comprised Mr. Kurt Dobitsch (chair), Mr. Kai-Uwe Ricke and Mr. Michael Scheeren in fiscal year 2014.

Main markets and competition

Germany is still the most important sales market of the United Internet Group and accounts for almost 88.7% of total sales. With its DSL products, the Group is among the top three suppliers in Germany's broadband market and with its mobile internet products one of the fastest growing companies. United Internet is the market leader in Germany for hosting and cloud applications.

In Europe, United Internet's hosting and cloud applications are now available in all major markets – either locally or via Germany. In addition to the domestic German market, these mainly include the major European economies of the UK, France, Spain and Italy. With the exception of Italy, where United Internet only began operations in May 2012, the company is among the market leaders in the aforementioned countries. All in all, therefore, United Internet is also the leading European supplier of hosting and cloud applications.

Further key sales markets for the Group's application business outside Europe are the North American countries Canada, USA and Mexico. In the most important of these markets, the USA, United Internet is one of the five leading companies in this segment.

Viewed globally, United Internet is thus one of the top three companies for hosting and cloud applications – also according to internet analysts such as 451 RESEARCH.

Main locations

As of December 31, 2014, United Internet employed a total of 7,832 people at 40 domestic and foreign facilities.

Main locations (by headcount)

Location	Main activity	Company / brand
Montabaur	HQ, Investments, IR, PR, Finance, Risk Management, Internal Audit, HR	United Internet
	Finance, PR, Marketing, Sales, Logistics, Customer Service for Access & Applications Business	1&1
Karlsruhe	Development, Product Management, Data Center Operation, Marketing, Sales, Purchasing, Customer Service for Access & Applications Business	1&1, WEB.DE, GMX, mail.com
Cebu City	Customer Service for Applications Business	1&1
Zweibrücken	Customer Service for Access & Applications Business	1&1
Madrid / Logroño	Applications Business, DC Operation in Spain	1&1, Arsys
Munich	Applications Business (Portals)	GMX, WEB.DE
	Applications Business (Affiliate Marketing)	affilinet
Chesterbrook / Lenexa	Applications Business, DC Operation, Customer Service in North America	1&1
Bucharest	Development in Applications Business	1&1
Flensburg	Access Business (B-to-B and Wholesale)	Versatel
Slough / Gloucester	Applications Business, DC Operation in UK	1&1, Fasthosts
Berlin	Development, Customer Service for Applications Business	1&1
	Access Business (B-to-B and Wholesale)	Versatel
Dortmund	Access Business (B-to-B and Wholesale)	Versatel
Düsseldorf	Access Business (B-to-B and Wholesale)	Versatel
Cologne	Applications Business (Domain Marketing)	Sedo
Stuttgart	Access Business (B-to-B and Wholesale)	Versatel
Regensburg	Applications Business (Reselling)	InterNetX
Starnberg	Applications Business (Domains)	united-domains

1.2 Strategy

United Internet's business model is based predominantly on electronic subscriptions with fixed monthly amounts and contractually agreed terms. Such a business model ensures stable and plannable revenue and cash flows, protects against macroeconomic effects and provides the financial scope to grasp opportunities in new business fields and markets – organically or via acquisitions.

A large number of customer relationships also helps the company to utilize so-called economies of scale: the greater the customer demand for products created by our development teams and operated at our own data centers, the greater our profit will be. These profits can then be invested in new customers, new products and new business fields.

From the current perspective and according to numerous studies, Cloud Applications and Mobile Internet will be the growth markets over the coming years. With its clear positioning in the Access and Applications segments, United Internet is ideally placed to exploit the expected market potential.

In view of the dynamic market development of Cloud Applications and Mobile Internet, the company's growth opportunities are clearly apparent: universally accessible, increasingly powerful broadband connections are enabling new and more sophisticated cloud applications. These internet-based programs for end users and companies will be United Internet's growth drivers in the years ahead – both as stand-alone products in the Applications business field as well as in combination with fixed-line and mobile access products in the Access segment business field.

With its many years of experience as an access and application provider, its expertise in software development and data center operation, marketing, sales and customer support, as well as its strong and well-known brands (such as 1&1, GMX and WEB.DE), and customer relationships with millions of private users, freelancers and small companies in Germany and abroad (currently almost 47 million user accounts world-wide), the company is excellently positioned.

In order to leverage this positioning for further sustainable growth, United Internet will also invest heavily in new customers, new products and business fields in future, as well as in its further internationalization.

In addition to organic growth, United Internet also continually seeks possibilities (especially in its Cloud Applications business) for company acquisitions, investments and cooperations, in order to extend its market positions, competencies and product portfolios.

Thanks to its high and plannable level of free cash flow, United Internet has a strong source of internal funding and also good access to debt financing markets in order to finance its future growth – whether organic or via acquisitions and investments.

The strategic alignment of the business fields is increasingly being reflected in the Group's corporate structure. The Access business and Applications business are separated in the sub-groups 1&1 Telecommunication Holding SE and 1&1 Internet AG, respectively.

Further information on strategy, opportunities and targets is included in the “Risk, Opportunity and Forecast Report” in section 4.

1.3 Control systems

The internal control systems support management in its monitoring and steering of the Group and its segments. The systems consists of planning, actual situation and projection calculations based on the Group’s annually revised strategic planning. Particular attention is paid to market developments, technological developments and trends, as well as their impact on the Group’s own products and services, and the Group’s financial possibilities. The corporate control system’s aim is the continual and sustainable development of United Internet and its subsidiaries.

The Group’s reporting system comprises the monthly profit calculations and quarterly IFRS-compliant reports for all consolidated subsidiaries. It presents the asset, financial and earnings position of the Group and all divisions. Financial reporting also includes other detailed information which is required for the assessment and control of operating business.

The key performance indicators of the United Internet Group for chief corporate management are presented in “Segment reporting” under point 5 of the Notes to the Consolidated Financial Statements

Quarterly reports on significant risks for the company represent a further component of the control systems.

The above mentioned reports are discussed at meetings of the Management Board and Supervisory Board and provide the fundamental basis for assessments and decisions.

In order to control the Group’s performance, United Internet AG uses in particular the key figures of the income statement (sales, EBITDA, EBIT, EPS), of the statement of cash flows (free cash flow) and of the statement of financial position (asset items, financial liabilities, equity ratio).

The company also employs non-financial key figures, in particular the number and growth of fee-based customer contracts, as well as ad-financed free accounts.

A comparison of the key performance indicators (KPIs) stated in the forecast and the actual figures is provided in this Management Report in 2.2 “Business Development” in the section “Actual and Forecast Development” as well in 2.3 “Position of the Group”.

The number of customer contracts, the gross and net sales figures and the related customer acquisition costs in particular – compared to the company’s plans and forecast calculations – serve as an early warning system.

1.4 Research and development

As an internet service provider, the United Internet Group does not engage in research and development (R&D) on a scale comparable with manufacturing companies. Against this backdrop, United Internet does not disclose key figures for R&D.

At the same time, the United Internet brands stand for high-performance internet access, solutions and innovative web-based products and applications which are mostly developed in-house. The success of United Internet is rooted in an ability to develop, combine or adapt innovative products and services and launch them on major markets.

Thanks to its own development teams, United Internet is able to react fast and flexibly to new ideas and trends and continually enhance its established products, adapting them to changing market needs – a key success factor in the fast-moving internet market. The company's expertise in product development, enhancement and roll-out minimizes its reliance on third party development work and supplies in many areas and thus ensures decisive competitive and time-to-market advantages.

At United Internet's own development centers (especially in Karlsruhe and Bucharest), around 2,500 (prior year: 1,900) developers, product managers and technical administrators use mainly open source code in clearly defined and modeled development environments. Third-party programming services are also used to swiftly and efficiently implement specific projects. This enables the company to quickly change existing products and adapt them to changing customer needs. United Internet also procures solutions from partners, which are then modified according to needs and integrated into its systems. With the aid of its self-developed and integrated applications, United Internet has a set of modules which can be easily combined and provided with product-specific or country-specific user interfaces in order to create a variety of powerful and integrated applications – a huge benefit when tailoring products to varying target groups or for international rollouts.

Due to the steady growth in customer figures, the demands placed on reliability and availability are constantly rising. In addition to the further development of existing products and continual optimization of back-end operations, the company also focuses on continually enhancing existing processes in order to raise system reliability and thus also customer satisfaction.

Focus areas 2014

Access

Integration of new pre-service provider E-Plus

In December 2013, United Internet and the E-Plus Group agreed on a cooperation for mobile services. As a result, the United Internet brand 1&1 was able to offer its customers innovative mobile products via the E-Plus network.

The second mobile provider E-Plus was integrated into the 1&1 Access platform in the first half of 2014. Existing processes, such as product provision for new customers, number portability, billing and customer care, had to be adapted and extended to the circumstances of the new mobile pre-service provider. In addition, new processes were created, e.g. to allow customers to switch between the two available mobile networks.

Since the completion of the integration phase in late June 2014, 1&1 can offer its mobile internet tariffs for both the D-network and E-network. Customers thus have the possibility to choose the network best suited to them. The 1&1 All-Net-Flat tariffs for smartphones, the 1&1 Data-Flat tariffs for tablets and notebooks, and the complete end-device range have been available for both networks since July 2014.

Business Applications

Launch of new product line “1&1 MyWebsite by Experts”

In May 2014, the United Internet brand 1&1 launched a new service in Germany, the USA, Spain and France called “1&1 MyWebsite by Experts”, which complements its “1&1 MyWebsite” offering. “1&1 MyWebsite by Experts” is targeted at commercial users who would like a professionally designed website but have no time to set up and maintain their content.

Specially trained teams of web designers take over the complete creation, management and marketing of the client sites. New web design technologies were used and combined with the existing technical infrastructure of “1&1 MyWebsite”. In order to optimize coordination with the customer, an innovative browser-based online configurator was specially developed. This enables a new customer – together with the web designer and using example layouts – to create the basic concept of the new website online. The web designer and customer interact in the same system in real time but within different graphic user interfaces. In addition, a visitor statistics feature (including graphic display) was integrated into the user interface of the control panel exclusively for this product line.

The quality and ongoing development of the websites is secured by regular analyses and audits of client websites over the product life cycle. Moreover, a tool-based and automated distribution logic to the customer’s contact partner is currently in the final implementation phase. In future, the system will be able to automatically detect customer inquiries and assign them to the customer’s personal contact partner. This enables the web designers to provide more efficient and personalized customer communication and service.

Permanent provision of registration processes for nTLDs

As of July 2013, the United Internet brands 1&1, Fasthosts, united-domains, InterNetX and Arsys offer their customers the possibility to make a non-binding registration for so-called nTLDs (new top-level domains). As soon as an nTLD has been released for general registration, the United Internet brands attempt to register the desired domains of their registered customers with the respective domain registry.

New internal and external registration processes are constantly being created for the growing number of nTLDs which enable the brands to reliably and quickly place the domain orders with a variety of registries and their back-end providers.

Development and implementation of new e-shops

In March 2014, the United Internet brand 1&1 presented a new e-shop generation. Developed in collaboration with partner ePages (an investment of United Internet AG), 1&1 E-Shops offer all features a dealer needs for successful online trading. This includes modern layouts for attractive shop design, "responsive design" (automatic optimization for mobile devices), easy connection with social networks and the integration of numerous payment and logistics service providers. 1&1 has established a high-performance and highly scalable IT infrastructure specifically for the operation of the new e-shops which delivers a previously unknown level of performance for the ePages shop system. The infrastructure is operated geo-redundantly with a high degree of availability so that even in the case of a (theoretical) total data center failure, the e-shops can continue to be operated smoothly.

The deep integration of ePages technology into the 1&1 product portfolio also enables further integrated services, such as the 1&1 payment system "ipayment". Together with ePages, a powerful REST API was also designed and used to implement a fully-featured shop application for 1&1 MyWebsite customers. This means that an attractive product range with full e-commerce functionality can be integrated into existing 1&1 MyWebsite projects.

Development and integration of "List Local"

In October 2014, a new solution called "1&1 List Local" was unveiled which allows companies to manage their company and contact details centrally so they can publish them in online directories – via 1-click publication and updating. "1&1 List Local" is based on the technology of uberall (an investment of United Internet AG).

The increased range and data consistency provided by "1&1 List Local" leads to a significant improvement in the visibility of the customer's website, e.g. via search engines. Such companies are easier to find on the net – especially via mobile devices. The directory comprises Google Maps, Yelp, Foursquare and TomTom, as well as 25 industry directories at present, online directories, search engines, apps and map services. It is being continuously extended.

Consumer Applications

Migration of all mail.com customers to new mail client generation

Following the successful rollout of new mail client technology for the established brands WEB.DE and GMX in German-speaking countries (Germany, Austria, Switzerland), the next step was also completed for international brand mail.com.

Enhanced with all the technical features required for an international alignment, mail.com was also migrated to the new mail client technology.

EMIG changes SSL encryption to German keys

As part of the "E-Mail Made in Germany" (EMIG) initiative, the second stage of technical implementation was started in 2014. In the course of this next expansion stage, all EMIG partners (WEB.DE, GMX, 1&1, Deutsche Telekom, Strato, freenet) were obliged to change their SSL certificates used for EMIG to certificates of German producers. As of April 29, 2014, only SSL keys certified in Germany are used within the "E-Mail made in Germany" alliance and all transmission paths are fully encrypted.

With the aid of large scale communication campaigns, all participants have also informed their clients in detail and asked them to change their POP3/IMAP and SMTP connections to SSL/TLS access.

Relaunch of cloud calendar for WEB.DE and GMX

In fiscal 2014, the cloud-based calendar used by GMX and WEB.DE was completely revamped – thus taking a further step toward "mobilization". Relaunched in March for WEB.DE and in November for GMX, the calendar provides support for the open CALDAV standard as well as improvements to the desktop version. This establishes the possibility to seamlessly integrate the calendar into the mobile operating systems Android and iOS for mobile phones and tablets so that appointments can also be viewed and edited on the go.

In this connection, 1&1 became a member of CalConnect, the "Calendaring and Scheduling Consortium". Together with major players like Apple, Google and Microsoft, 1&1 is committed to continuously developing the existing standards.

Development of "Inbox Ad"

With the aid of the newly developed "Inbox Ad", advertisers can place their messages directly in the in-boxes of GMX and WEB.DE e-mail accounts. The advertising format can be displayed anywhere in the user's e-mail history. The integration interface for inserting advertising messages in the mail list was designed with a special focus on performance and security so that the content is perceived as a positive added value. User attention is strengthened in particular by a Favicon (favorite icon) and the color demarcation of the subject line.

Advertising content is displayed directly in the mail window without the user having to leave his normal mail environment. Attention-grabbing rich media content, such as moving images, or forms can also be flexibly integrated. With its connection to the targeting solutions TGP (Target Group Planning) and DRP (Dialog Relevance Platform), Inbox Ad can also be accurately targeted. Moreover, advertisers can specifically target desktop or mobile users.

Development of "Multi Screen Targeting"

United Internet Media is the first German marketer to offer its advertising clients the possibility to accurately target specific groups via the various devices of modern internet users.

With the newly developed "Multi Screen Targeting", customers can continue to be reached when they change devices. This ensures maximum customer attention over the longest possible contact period achieved by cross-channel campaigns with minimal wastage.

Aided by the broad target group portfolio of the well-known “Target Group Profiling”, and facilitated by the latest Big Data technologies, “Multi Screen Targeting” is an effective marketing tool in the age of the mobile internet – across all devices and advertising formats.

2 Economic report

2.1 General economic and sector conditions

General economic development

The International Monetary Fund (IMF) repeatedly downgraded its forecasts for the global economy throughout 2014. In the latest update to its “World Economic Outlook” on January 19, 2015, the Fund calculated growth for the **global economy** of 3.3% in 2014 (after 3.3% also in the previous year). This is 0.4 percentage points less than the IMF had forecast in January 2014.

The Fund blamed this weaker-than-expected trend in 2014 – despite low oil prices – above all on the following factors:

- Stagnation instead of the hoped-for upturn in the eurozone
- Economic damage caused by geopolitical crises (Ukraine, Middle East)
- Overheated financial markets do not reflect the real economic situation
- Low capital spending/demand-side stimulation in the major economies
- Lack of structural reforms in numerous nations

Compared to the previous year, United Internet’s North American markets – the USA, Canada and Mexico – increased the pace of economic growth in 2014, but still fell short of the IMF’s original growth expectations in many cases (January 2014 forecast). The **US economy** recovered in 2014 with growth of 2.4% – up 0.2 percentage points on the previous year. However, growth was still 0.4 percentage points below IMF expectations at the beginning of the year. The **Canadian economy** also grew by 2.4% and thus 0.4 percentage points more than in 2013. This was 0.2 percentage points more than in the IMF’s January forecast. **Mexico** also succeeded in stepping up the pace of its economic growth by 0.7 percentage points compared to the previous year. With growth of 2.1%, however, it was still 0.9 percentage points below the original expectations of the IMF.

Following a recession of -0.5% in the previous year, the IMF calculated renewed growth 0.8% in 2014 for the **eurozone**. This was still 0.2 percentage points less than expected, however.

United Internet’s main European target markets – France, Spain, Italy and the non-eurozone nation UK – also achieved economic growth in 2014 but similarly failed – in some cases badly – to match IMF expectations (January 2014 forecast). **France** raised growth by 0.1 percentage points to 0.4%, but was still 0.5 percentage points short of the IMF’s original forecast. By contrast, **Spain** achieved growth of 1.4% – after a recession of -1.2% in the previous year – and exceeded the IMF’s original forecast by 0.8 percentage points. The economic trend in **Italy** was significantly worse. Following a recession of -1.9% in 2013, the country suffered a further decline of -0.4% in 2014. This is 1.0 percentage point less than originally expected by the IMF.

Economic development in the **UK** exceeded expectations. Growth was up 0.9 percentage points year on year to 2.6% in 2014 – 0.2 percentage points more than expected by the IMF.

The IMF calculated economic growth of 1.5% in 2014 for **Germany**, United Internet's most important market (sales share 2014: 88.7%). This 1.3 percentage points more than in 2013 and roughly equals the IMF's original forecast. The IMF's figure for Germany is also largely in line with calculations of the country's Federal Statistics Office, which determined that gross domestic product (GDP) had grown by 1.6% (after price and calendar adjustments).

Changes in 2014 growth forecasts for United Internet's key target countries and regions

	January forecast	April forecast	July forecast	October forecast	Actual 2014	Change on January forecast
World	+ 3.7%	3.6%	3.4%	3.3%	3.3%	- 0.4 %-points
USA	+ 2.8%	2.8%	1.7%	2.2%	2.4%	- 0.4 %-points
Canada	+ 2.2%	2.3%	2.2%	2.3%	2.4%	+ 0.2 %-points
Mexico	+ 3.0%	3.0%	2.4%	2.4%	2.1%	- 0.9 %-points
Eurozone	+ 1.0%	1.2%	1.1%	0.8%	0.8%	- 0.2 %-points
France	+ 0.9%	1.0%	0.7%	0.4%	0.4%	- 0.5 %-points
Spain	+ 0.6%	0.9%	1.2%	1.3%	1.4%	+ 0.8 %-points
Italy	0.6%	0.6%	0.3%	- 0.2%	-0.4%	- 1.0 %-points
UK	2.4%	2.9%	3.2%	3.2%	2.6%	+ 0.2 %-points
Germany	1.6%	1.7%	1.9%	1.4%	1.5%	- 0.1 %-points

Source: International Monetary Fund, World Economic Outlook (Update), January 2015

Historical GDP development in United Internet's key target countries and regions

	2010	2011	2012	2013	2014
World	5.2%	3.9%	3.1%	3.3%	3.3%
USA	3.0%	1.8%	2.8%	2.2%	2.4%
Canada	3.2%	2.6%	1.7%	2.0%	2.4%
Mexico	5.4%	3.9%	3.7%	1.4%	2.1%
Eurozone	1.9%	1.4%	- 0.7%	- 0.5%	0.8%
France	1.4%	1.7%	0.0%	0.3%	0.4%
Spain	- 0.1%	0.4%	- 1.6%	- 1.2%	1.4%
Italy	1.5%	0.4%	- 2.5%	- 1.9%	- 0.4%
UK	2.1%	0.9%	0.3%	1.7%	2.6%
Germany	3.6%	3.1%	0.9%	0.2%	1.5%

Source: International Monetary Fund, World Economic Outlook (Update), January 2015

Historical development of price- and calendar-adjusted GDP in Germany

	2010	2011	2012	2013	2014
GDP	+ 3.9%	+ 3.7%	+ 0.6%	+ 0.2%	+ 1.6%

Source: Statistisches Bundesamt, January 2015

Sector development

The German Information and Communication Technology (ICT) market performed slightly worse than expected at the beginning of 2014 (+1.7%). At its annual press conference at CeBIT, the sector association BITKOM announced revenue growth of 1.5% to € 153.3 billion in 2014.

Revenues from ICT products and services in Germany
(in € billion)

	2014	2013	Change
Total ICT market	153.3	151.0	+ 1.5%
IT sub-market	77.8	74.7	+ 4.1%
Telecommunications sub-market	65.3	65.6	- 0.5%
Consumer electronics sub-market	10.2	10.7	- 4.7%

Source: BITKOM

Development of United Internet's key markets

The most important ICT markets for United Internet's business model are the German broadband and mobile internet markets for the subscription-financed Access segment, and the global cloud computing and German online advertising markets for the subscription- and ad-financed Applications segment.

German broadband market

In view of the high level of household coverage already achieved and the strong trend toward mobile internet usage, demand for new fixed-line broadband connections in Germany has slowed since 2008. With expected growth of 0.7 million to 29.4 million in 2014, the number of new connections was again well below previous record years. These figures were calculated by the Association of Telecommunications and Value-Added Service Providers (Verband der Anbieter von Telekommunikations- und Mehrwertdiensten – VATM) and Dialog Consult in their joint "TC Market Analysis for Germany 2014" published in October 2014.

In its survey "German Entertainment and Media Outlook 2014-2018" of December 2014, PricewaterhouseCoopers expected sales of fixed-line broadband connections to rise by 1.7% to around € 7.74 billion in 2014.

According to calculations of Dialog Consult / VATM, however, the average volume of data used is rising much more strongly than the number of newly activated connections and sales of broadband connections – as an indicator of continued growth in usage – with growth of 27.8% to 26.7 GB (per connection and month).

Key market figures: broadband access (fixed line) in Germany

	2014	2013	Change
Broadband connections (in million)	29.4	28.7	+ 2.4%
Broadband revenues (in € billion)	7.74	7.61	+ 1.7%
Data volume per connection and month (in GB)	26.7	20.9	+ 27.8%

Source: Dialog Consult / VATM; PricewaterhouseCoopers

Mobile internet market in Germany

The German mobile internet market continues to display dynamic growth. According to BITKOM figures, sales of mobile data services rose by 5.4% to € 9.7 billion in 2014.

According to forecasts of Dialog Consult / VATM, the average volume of data used (per connection and month) – as an indicator of the growing use of mobile data services – rose in the same period by 45.1% to 283 MB.

A major reason for this growth is the boom in smartphones, sales of which increased by a further 4.4% to 23.6 million in 2014 according to BITKOM.

Key market figures: mobile internet access (cellular) in Germany

	2014	2013	Change
Mobile internet revenues (in € billion)	9.7	9.2	+ 5.4%
Smartphone sales (in million units)	23.6	22.6	+ 4.4%
Data volume per connection and month (in MB)	283	195	+ 45.1%

Source: BITKOM / European Information Technology Observatory (EITO); Dialog Consult / VATM

Global cloud computing market

There was also further dynamic growth in the cloud computing market. In an update of its study “Forecast Analysis: Public Cloud Services, Worldwide” published in November 2014, Gartner forecast global growth for public cloud services of 17.9% in 2014, from $ 129.6 billion to $ 152.8 billion.

Cloud computing is no short-term trend, but represents a fundamental shift in the provision and use of IT services. The aforementioned figures indicate the dynamic potential of this market. IT users get better services for less money with cloud computing. Small and mid-size companies in particular can gain access to IT applications which only major corporations could afford in the past.

Key market figures: cloud computing worldwide
(in $ billion)

	2014	2013	Change
Global sales of public cloud services	152.8	129.6	+ 17.9%
thereof business process services (BPaaS)	37.0	33.7	+ 9.8%
thereof application services (SaaS)	26.7	21.7	+ 23.0%
thereof application infrastructure services (PaaS)	3.3	2.5	+ 32.0%
thereof system infrastructure services (IaaS)	12.5	9.2	+ 35.9%
thereof management and security services	4.4	3.4	+ 29.4%
thereof cloud advertising	68.9	59.2	+ 16.4%

Source: Gartner

Online advertising in Germany

In its study “German Entertainment and Media Outlook 2014 – 2018” of December 2014, PricewaterhouseCoopers expects (net) revenues of the German online advertising market to rise by 8.0% to around € 5.54 billion in 2014.

Mobile online advertising and video advertising are expected to grow stronger than average with growth of 42.9% and 22.7%, respectively.

Key market figures: online advertising in Germany
(in € billion)

	2014	2013	Change
Online advertising revenues	5.54	5.13	+ 8.0%
thereof search marketing	2.64	2.45	+ 7.8%
thereof display advertising	1.40	1.34	+ 4.5%
thereof affiliate / classifieds	0.94	0.91	+ 3.3%
thereof mobile online advertising	0.30	0.21	+ 42.9%
thereof video advertising	0.27	0.22	+ 22.7%

Source: PricewaterhouseCoopers

Legal conditions / significant events

In 2014, the legal parameters for United Internet's business activities remained largely unchanged from fiscal year 2013 and thus had no significant influence on the development of the United Internet Group.

There were also no significant events in fiscal 2014 which had a material effect on the development of business.

2.2 Business development

Actual and forecast development

United Internet can look back on a very successful fiscal year 2014. The forecasts published at the beginning of the year and updated during the year were met or exceeded.

In order to make the published forecasts and actual business performance comparable, the special items of fiscal year 2014 will first be discussed below.

In addition to scheduled organic growth, the development of customer, revenue and earnings figures in fiscal 2014 was influenced on the one hand by the customer, sales and earnings contribution of Versatel following its initial consolidation in the fourth quarter of 2014, and on the other by various positive one-off effects from the Versatel acquisition and optimization of our investment portfolio.

Customer, sales and earnings contribution of Versatel in Q4 2014

	Contribution
Sales	€ 130.6 million
EBITDA	€ 33.3 million
EPS	€ -0.01
Free cash flow[1]	€ 31.5 million
Customer contracts (as Dec. 31, 2014)	0.42 million

[1] Free cash flow is defined as net cash inflows from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment

Simplified view of positive one-off effects in 2014[1]

Versatel acquisition		
One-off income from Versatel acquisition, total, net	EBITDA effect	€ +112.0 million
	EPS effect	€ +0.45
Optimization of investment portfolio		
One-off income from optimization of investment portfolio, total, net	EBITDA effect	€ +74.1 million
	EPS effect	€ + 0.37
One-off effects 2014		
One-off income, total, net	EBITDA effect	€ +186.1 million
	EPS effect	€ +0.82

[1] For a detailed view of one-off effects please refer to section 2.3 “Position of the Group”

Without consideration of the stated customer, sales and earnings contribution of Versatel in the fourth quarter of 2014 and the positive one-off effects described above, the actual development of business compared to the forecast for 2014 was as follows:

Actual and forecast development of business 2014

	Actual figures 2013	1st forecast 2014 (03/2014)	2nd forecast 2014 (08/2014)	3rd forecast 2014 (11/2014)	Actual figures 2014[1]
Customer contracts	13.45 million	+ >0.8 million	+ ~0.9 million	+ ~0.9 million	+ 0.91 million = 14.36 million
Sales	€ 2.656 billion	+ ~10%	+ ~10%	+ ~10%	+ 10.5% = € 2.934 billion
EBITDA	€ 406.9 million[2]	~ € 520 million	~ € 520 million	~ € 520 million	€ 518.2 million
EPS	€ 1.07	€ 1.40-1.50	€ 1.40-1.50	€ 1.40-1.50	€ 1.47
Free cash flow[3]	€ 211.6 million[2]	> € 200 million	> € 200 million	> € 280 million	€ 355.1 million

(1) Without customer, sales and earnings contribution of Versatel in Q4 2014 and without positive one-off effects
(2) Adjusted retrospectively (see "New mandatory accounting standard" on page 47)
(3) Free cash flow is defined as net cash inflows from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment

There was organic growth in the number of fee-based **customer contracts** of 0.91 million in 2014 (forecast March 26, 2014: over 0.8 million / forecast August 13, 2014: approx. 0.9 million) to 14.36 million. Including a further 0.42 million contracts from the Versatel acquisition, the number of fee-based customer contracts rose in total by 1.33 million to 14.78 million.

Consolidated sales of traditional business activities reached a new record of € 2.934 billion in 2014 – representing a year-on-year increase of 10.5% (forecast: approx. 10%). In addition to this organic growth, new business activities (full consolidation of Versatel as of October 1, 2014) contributed a further € 130.6 million so that total consolidated sales rose by 15.4% to € 3.065 billion.

Despite the upgraded customer growth forecast in August 2014 (approx. 900,000 instead of previous >800,000) and the related increase in customer acquisition costs, the original earnings forecasts were also achieved.

EBITDA from traditional business activities increased by 27.4%, from € 406.9 million[2] to € 518.2 million (forecast: approx. € 520 million) and **EPS** by 37.4%, from € 1.07 to € 1.47 (forecast: € 1.40 – € 1.50). In addition to this organic growth, the initial consolidation of Versatel in the fourth quarter of 2014 resulted in a contribution of € 33.3 million to EBITDA and € -0.01 to EPS. All in all, EBITDA grew by 35.5% to € 551.5 million and EPS by 36.4% to € 1.46.

Including the stated one-off effects from the Versatel acquisition and the optimization of our investment portfolio, EBITDA rose by 81.3% to € 737.6 million and EPS by 113.1% to € 2.28.

Adjusted for the capital gains tax payment due to closing-date effects, as described below, **free cash flow**[4] improved strongly again in fiscal 2014 by 67.8%, from € 211.6 million[2] to € 355.1 million (forecast March 2014: >€ 200 million / forecast November 2014: >€ 280.0 million). In the fourth quarter of

2014, there was an additional free cash flow contribution from Versatel of € 31.5 million. As a result free cash flow rose in total to € 386.6 million.

Following the restructuring of the Group, an intra-group dividend was paid at the end of the year which resulted in a capital gains tax payment of € 335.7 million. The amount will be refunded immediately after the tax return of United Internet AG for 2014 has been processed. This is expected to be in April 2015.

Reconciliation of customer, sales and earnings figures

	Actual figures 2013	Actual figures 2014 – organic	Actual figures 2014 – organic incl. Versatel(1)	Actual figures 2014 – organic incl. Versatel and incl. one-off income(2)
Customer contracts	13.45 million	14.36 million	14.78 million	14.78 million
Sales	€ 2.656 billion	€ 2.934 billion	€ 3.065 billion	€ 3.065 billion
EBITDA	€ 406.9 million(3)	€ 518.2 million	€ 551.5 million	€ 737.6 million
EPS	€ 1.07	€ 1.47	€ 1.46	€ 2.28
Free cash flow(4)	€ 211.6 million	€ 355.1 million(5)	€ 386.6 million(5)	€ 386.6 million(5)

(1) Organic growth plus sales and earnings contribution of Versatel in Q4 2014
(2) Organic growth sales and earnings contribution of Versatel in Q4 2014 and plus positive one-off effects from portfolio optimization
(3) Adjusted retrospectively (see “New mandatory accounting standard” on page 47)
(4) Free cash flow is defined as net cash inflows from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment
(5) Without consideration of capital gains tax payment of € 335.7 million

Segment development

Access segment

The **Access segment** comprises the company's fee-based fixed-line and mobile access products, including the respective applications (such as home networks, online storage, telephony or video-on-demand). United Internet operates exclusively in Germany in this segment, where it is one of the leading providers. The company remains largely independent of network providers by purchasing standardized network services from various pre-service providers. These are enhanced with end-user devices, self-developed applications and services from the company's own "Internet Factories" in order to differentiate them from the competition. Access products are marketed by the well-known brands GMX, WEB.DE and 1&1, which enable the company to offer a comprehensive range of products to a mass market while also targeting specific customer groups. With the complete takeover of Versatel on October 1, 2014, United Internet now also has its own network. With a length of around 39,000 km, it is Germany's second-largest fiber-optic network. With its own network infrastructure, United Internet also has the opportunity to source internally produced DSL pre-services in the future. Moreover, Versatel adds voice, data and network solutions for small and medium-sized companies, as well as infrastructure services for large corporations, to the existing product portfolio.

The wholly-owned Versatel Group was included in the customer, sales and financial figures of the "Access" segment for the first time on October 1, 2014.

In line with the dynamic development of customer figures and the initial consolidation of Versatel in the fourth quarter of 2014, **segment sales** grew strongly once again by in fiscal 2014 by 19.4%, from € 1,788.3 million to € 2,135.1 million (thereof € 130.6 million from the initial consolidation of Versatel). The segment's share of total Group sales amounted to 69.7%.

In the fiscal year 2014, segment earnings were affected by various one-off income amounts from the Versatel acquisition. In total, this **one-off income** contributed € 112.6 million to segment EBITDA and EBIT. Details on these one-off effects are provided in section 2.2 "Business development" under "Position of the Group" as well as in the notes to the consolidated financial statements in section 4 "Business combinations and investments".

Without consideration of these special items, earnings rose strongly again – despite heavy investment in customer growth and the full expensing of smartphone subsidies in the company's fast growing Mobile Internet business (+620,000 contracts in 2014 compared to +570,000 in the previous year). **Segment EBITDA** increased by 34.8%, from € 245.4 million in the previous year to € 330.8 million (thereof € 33.3 million from the initial consolidation of Versatel), while **segment EBIT** improved by 23.2% to € 267.8 million (thereof € 0.9 million from the initial consolidation of Versatel).

All **customer acquisition costs** for DSL and Mobile Internet products and costs for the conversion of resale DSL connections to complete packages (ULL) continue to be charged directly as expenses.

As a result of the Versatel acquisition, the number of **employees** in this segment rose strongly by 46.4% to 2,965 (prior year: 2,025).

Key sales and earnings figures in the Access segment
(in € million)

	2014[1]	2013	Change
Sales	2,135.1	1,788.3	+ 19.4%
EBITDA	330.8	245.4	+ 34.8%
EBIT	267.8	217.4	+ 23.2%

[1] 2014 without one-off income from Versatel acquisition (EBITDA and EBIT effect: €+112.6 million)

Quarterly development; change on prior-year quarter
(in € million)

	Q1 2014	Q2 2014	Q3 2014	Q4 2014[1]	Q4 2013	Change
Sales	477.2	495.3	509.2	653.4	466.4	+ 40.1%
EBITDA	55.3	72.7	85.9	116.9	69.5	+ 68.2%
EBIT	47.6	66.2	79.5	74.5	62.7	+ 18.8%

[1] 2014 without one-off income from Versatel acquisition (EBITDA and EBIT effect: €+112.6 million)

Historical development of key sales and earnings figures
(in € million)

	2010	2011	2012	2013	2014[1]
Sales	1,230.1	1,368.0	1,586.1	1,788.3	2,135.1
EBITDA	122.6	152.3	191.8	245.4	330.8
EBITDA margin	10.0%	11.1%	12.1%	13.7%	15.5%
EBIT	92.0	122.2	164.3	217.4	267.8
EBIT margin	7.5%	8.9%	10.4%	12.2%	12.5%

[1] 2014 without one-off income from Versatel acquisition (EBITDA and EBIT effect: €+112.6 million)

The number of fee-based **Access contracts** rose by 1.25 million to 6.79 million contracts in fiscal year 2014. Of this figure, the segment added 620,000 new customer contracts in its Mobile Internet business and thus raised the number of customers to 2.60 million. There was also growth in the important complete DSL contract business with the addition of 710,000 customer contracts (thereof 420,000 contracts from Versatel acquisition) to reach a total of 3.89 million. As expected, however, the number of customer contracts for those business models being phased out (T-DSL and R-DSL) continued to fall in fiscal 2014 (-80,000 customer relationships). All in all, the total number of DSL contracts grew by 630,000 contracts to 4.19 million. As a result, United Internet easily outperformed the overall German broadband market (fixed-line) (5.9% organic and 17.7% including Versatel compared to 2.4% market growth).

Development of Access contracts in fiscal year 2014
(in million)

	Dec. 31, 2014	Dec. 31, 2013	Change
Access, total contracts [1]	6.79	5.54	+ 1.25
thereof Mobile Internet	2.60	1.98	+ 0.62
thereof DSL complete (ULL)[1]	3.89	3.18	+ 0.71
thereof T-DSL / R-DSL	0.30	0.38	– 0.08

[1] Dec. 31, 2014 including 420,000 DSL contracts from Versatel acquisition

Development of Access contracts in the fourth quarter of 2014
(in million)

	Dec. 31, 2014	Sep. 30, 2014	Change
Access, total contracts [1]	6.79	6.10	+ 0.69
thereof Mobile Internet	2.60	2.37	+ 0.23
thereof DSL complete (ULL)[1]	3.89	3.41	+ 0.48
thereof T-DSL / R-DSL	0.30	0.32	– 0.02

[1] Dec. 31, 2014 including 420,000 DSL contracts from Versatel acquisition

Applications segment

The **Applications segment** comprises the company’s application business – whether ad-financed or via fee-based subscriptions. These applications include domains, home pages, webhosting, servers and e-shops, Personal Information Management applications (e-mail, to-do lists, appointments, addresses), group work, online storage and office software. The applications are developed by the company’s “Internet Factories” or in cooperation with partner firms and operated at the company’s seven data centers. In its Applications segment, United Internet is also a global player with activities in numerous European countries (Germany, France, the UK, Italy, Austria, Poland, Switzerland and Spain) as well as North America (Canada, Mexico and the USA). Applications are marketed to specific target groups via the differently positioned brands GMX, mail.com, WEB.DE, 1&1, Arsys, InterNetX, Fasthosts and united- domains. United Internet also offers its customers performance-based advertising and sales platforms on the internet via Sedo and affilinet.

In fiscal year 2014, **sales** of the Applications segment rose by 7.2%, from € 867.0 million to € 929.4 million. **Sales abroad** were raised by 16.2% to € 344.9 million (prior year: € 296.9 million) – partly due to the full consolidation of Arsys in fiscal year 2014. As a result, the segment accounted for around 30.3% of total Group sales.

Due to increasing contribution margins and reduced advertising spending, **start-up losses in the new business fields** (De-Mail and 1&1 MyWebsite) and for the “E-Mail made in Germany” initiative in cooperation with Deutsche Telekom fell to € 47.6 million in the reporting period (prior year: € 107.9 million).

Despite these persistently high investments, **segment EBITDA** increased by 35.5%, from € 168.7 million to € 228.6 million and **segment EBIT** by 67.4%, from € 102.1 million to € 170.9 million.

Customer acquisition costs in this segment also continue to be charged directly as expenses.

The number of **employees** in this segment grew by 3.5% to 4,829 (prior year: 4,664).

Key sales and earnings figures in the Applications segment
(in € million)

	2014	2013	Change
Sales	929.4	867.0	+ 7.2%
EBITDA	228.6	168.7	+ 35.5%
EBIT	170.9	102.1	+ 67.4%

Quarterly development; change on prior-year quarter
(in € million)

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q4 2013	Change
Sales	232.6	228.3	227.8	240.7	234.0	+ 2.9%
EBITDA	58.6	54.8	58.2	57.0	56.9	+ 0.2%
EBIT	43.9	39.7	42.5	44.8	38.9	+ 15.2%

Historical development of key sales and earnings figures
(in € million)

	2010	2011	2012	2013	2014
Sales	676.5	725.8	810.2	867.0	929.4
Start-up losses (1)	21.7	42.7	124.1	107.9	47.6
EBITDA	232.7	183.4	132.1	168.7	228.6
EBITDA margin	34.4%	25.3%	16.3%	19.5%	24.6%
EBIT(2)	177.3	125.0	66.6	102.1	170.9
EBIT margin	26.2%	17.2%	8.2%	11.8%	18.4%

(1) Start-up losses = EBITDA-effective start-up losses in new business fields; in 2014: De-Mail and 1&1 MyWebsite as well as the "E-Mail made in Germany" initiative
(2) 2012 without special items (Sedo impairment charges: EBIT effect: € -46.3 million)

In the Applications segment, United Internet made changes to sales and marketing measures for its Business Applications – as previously announced – during the fiscal 2014. As part of this change, there was less focus on new customer acquisition and more on the sale of additional features (e.g. further domains, e-shops and business apps) to existing customers.

Nevertheless, the number of fee-based **Business Applications contracts** rose by 80,000 contracts to 5.81 million in the reporting period. Contracts in Germany increased by 50,000 to 2.42 million, while contracts abroad rose by 30,000 to 3.39 million. The number of 1&1 MyWebsite contracts (formerly: 1&1 Do-It-Yourself Homepage) rose by 20,000 to 0.53 million. In addition, a total of 340,000 **nTLDs** were sold to new and existing customers – despite ICANN distribution delays. The focus on these measures is reflected by significantly improved earnings in this segment.

Development of Business Applications contracts in fiscal year 2014
(in million)

	Dec. 31, 2014	Dec. 31, 2013	Change
Business Applications, total contracts	5.81	5.73	+ 0.08
thereof “domestic”	2.42	2.37	+ 0.05
thereof “foreign”	3.39	3.36	+ 0.03

Development of Business Applications contracts in the fourth quarter of 2014
(in million)

	Dec. 31, 2014	Sep. 30, 2014	Change
Business Applications, total contracts	5.81	5.82	- 0.01
thereof “domestic”	2.42	2.43	- 0.01
thereof “foreign”	3.39	3.39	+/- 0.00

The number of **Consumer Accounts** rose by a total of 610,000 to 34.30 million in fiscal 2014, due in particular to the growth in **active free accounts** (+610,000 to 32.12 million). Fee-based **accounts with Premium Mail subscriptions** decreased by 30,000 to 1.84 million. This was mainly due to the expanded scope of services provided by competing, ad-financed free accounts. By contrast, fee-based **accounts with Value Added subscriptions** rose by 30,000 to 340,000. All in all, **fee-based Consumer Accounts** thus remained on a par with the prior-year figure.

As De-Mail became a standard feature of all free e-mail accounts in 2014 (instead of being an independent product with separate contract and usage-based fee), United Internet no longer discloses accounts with De-Mail functionality separately.

Development of Consumer Applications contracts in fiscal year 2014
(in million)

	Dec. 31, 2014	Dec. 31, 2013	Change
Consumer Applications, total accounts	34.30	33.69	+ 0.61
thereof with Premium Mail subscription	1.84	1.87	– 0.03
thereof with Value-Added subscription	0.34	0.31	+ 0.03
thereof free accounts	32.12	31.51	+ 0.61

Development of Consumer Applications contracts in the fourth quarter of 2014
(in million)

	Dec. 31, 2014	Sep. 30, 2014	Change
Consumer Applications, total accounts	34.30	33.99	+ 0.31
thereof with Premium Mail subscription	1.84	1.85	- 0.01
thereof with Value-Added subscription	0.34	0.34	+/- 0.00
thereof free accounts	32.12	31.80	+ 0.32

Group investments

United Internet continued to **expand its investment portfolio** in the fiscal year 2014. New strategic investments were made (ePages, uberall, Rocket Internet), while stakes in existing holdings were also increased (uberall, united-domains).

The shareholding in Versatel was raised from 25.1% to 100%. The share acquisition was made via the **complete takeover of the Versatel holding company** VictorianFibre Holding Beteiligungs-GmbH.

In fiscal 2014, United Internet took the opportunity to optimize its existing portfolio of investments. In the course of this **portfolio optimization**, the squeeze-out of Sedo Holding AG (still stock exchange-listed in the previous year) was completed and over 50 investments held via the GFC and EFF funds in the field of e-commerce, market-places and finance technology were contributed to the new investment Rocket Internet. Shares held in fun communications were sold in late 2014, as the company no longer matched United Internet AG's strategic investment focus.

In the course of the Versatel acquisition and portfolio optimization, various (in total) positive one-off amounts were recognized at Group and segment (Access) level. Further information is provided in this Management Report under sections 2.2 "Business development", "Actual and forecast development" and 2.3 "Position of the Group".

Significant changes in investments

Squeeze-out of Sedo Holding
United Internet subsidiary Sedo Holding AG (now Sedo Holding GmbH) held an extraordinary general meeting in Frankfurt am Main on February 3, 2014. At the meeting, shareholders approved the agenda item "Resolution on the transfer of shares held by the remaining shareholders (minority shareholders) of Sedo Holding AG to United Internet Ventures AG, with registered office in Montabaur (majority shareholder), in exchange for appropriate cash consideration pursuant to Secs. 327a ff. AktG (squeeze-out)". The District Court of Cologne entered this resolution in the Commercial Register on March 21, 2014. On entry of this transfer resolution, all shares of the minority shareholders of Sedo Holding AG were transferred by law to United Internet Ventures AG. Following the delisting of Sedo Holding AG shares on March 21, 2014, the admission for trading on the Regulated Market was revoked on March 27, 2014.

With the aid of the squeeze-out, United Internet aims to integrate the business fields operated by Sedo Holding – Affiliate Marketing and Domain Marketing – into the United Internet Group. In addition to the planned closer integration of Sedo activities with other business fields of the Group, United Internet also aims to make Sedo and affilinet more flexible and effective on the market with the aid of faster decision processes and to save costs relating to its stock market listing and mandatory disclosures.

Investment in ePages

On February 19, 2014, United Internet announced that it had acquired – via United Internet Ventures AG – a stake of 25.1% in the e-shop specialist ePages in the course of a capital increase.

Based in Hamburg, Germany, ePages GmbH is Europe's market leader in online shop software for small and mid-size companies with 120,000 customers. The cloud solution of ePages enables merchants with no prior experience to create professional online shops. The solutions are suitable for a variety of company sizes and are currently marketed via some 100 partner companies (hosting providers, telecommunication companies, business directories etc.). This enables partners to tap new e-business revenue streams without having to develop their own e-shop systems.

In addition to the equity stake, ePages and United Internet's subsidiary 1&1 have agreed a long-term cooperation contract for the use of ePages solutions. As part of this cooperation, there is now a joint technology platform for 1&1 E-Shops.

ePages posted a positive result in its fiscal year 2014.

Investment in uberall

On April 17, 2014, United Internet announced that it had acquired – via United Internet Ventures AG – a stake of 25% in uberall GmbH (formerly: favor.it labs GmbH), Berlin, operator of the online listing specialist uberall.com, in the course of a capital increase.

uberall brings together local companies and customers via the internet. On behalf of its customers, uberall ensures that companies can be found in all standard directories, online business directories, mobile apps and map services and that all company details are consistent. uberall also promotes improved customer dialogue with the aid of real-time notifications about reviews and enquiries on the affiliated portals.

In addition, United Internet subsidiary 1&1 signed a long-term cooperation agreement with uberall to use its solutions. As part of this cooperation, 1&1 uses uberall's cloud technology which offers all online listing functions freelancers and SMEs need for successful online operations.

In December 2014, United Internet raised its stake in uberall to 30.36% by exercising an option.

uberall is still in the start-up phase and posted a negative result in its fiscal year 2014.

Investment in Rocket Internet

On August 15, 2014, United Internet announced that it was investing a total of € 433 million – via its subsidiary United Internet Ventures AG – for a 10.7% stake in Rocket Internet AG, Berlin (hereinafter shortened to: Rocket). The investment cements the long-term strategic relationship between United

Internet and Oliver Samwer, Rocket's Chief Executive Officer and co-founder.

The investment consisted of € 333 million in cash and € 102 million from the contribution of United Internet's investments in the portfolio companies of the Global Founders Capital Funds (GFC; Global Founders Capital No. 1 and European Founders Fund No. 2 and No. 3). The portfolio comprised over 50 investments held jointly by United Internet and Global Founders Fund GmbH, the private investment company of Oliver Samwer and his brothers. Ralph Dommermuth, CEO of United Internet, was also appointed to Rocket's nine-person Supervisory Board.

Rocket Internet identifies and builds proven internet business models and transfers them to new, underserved or untapped markets where it seeks to scale them into market-leading online companies. It aims to become the world's largest internet platform outside of China and the United States. Rocket is focused on online business models that satisfy basic consumer needs across three sectors: e-commerce, online marketplaces and financial technology.

Rocket started in 2007 and now has more than 25,000 employees across its network of companies, which operate in more than 100 countries on five continents. The company's target markets are located mainly in the emerging markets of Latin America, the Middle East, Africa and Asia, as well as in Russia. These markets are generally characterized by fast-growing smartphone penetration, younger populations than developed markets, newly evolving middle classes, and limited access to physical retail infrastructure.

United Internet has been successfully investing in consumer internet and technology businesses together with the Samwer brothers since 2007. With its strategic investment in Rocket, United Internet has pooled all its investments in the field of e-commerce, marketplaces and financial technology in one place.

By contributing its shares in the investment funds to Rocket, United Internet recognized one-off, non-cash income of € 75.7 million (EBITDA and EBIT effect) in fiscal 2014.

Rocket's initial public offering (IPO) on the Frankfurt Stock Exchange was held on October 2, 2014. In the course of the capital increase held together with the IPO, United Internet's investment was diluted to 8.18%. As of December 31, 2014, the company's market capitalization amounted to around € 7.869 billion.

100% acquisition of Versatel

On September 3, 2014, United Internet announced that it had signed an agreement with the private equity company Kohlberg Kravis Roberts & Co. L.P. (KKR) to acquire the 74.9% of shares in the Versatel Group held indirectly by funds managed by KKR and thus to raise its holding of Versatel shares to 100%. The share purchase was effected via a complete takeover of Versatel's holding company VictorianFibre Holding Beteiligungs-GmbH.

United Internet had held an indirect stake in Versatel of 25.1% since the end of 2012. For the remaining 74.9% of shares, United Internet paid around € 593 million in cash. The purchase price and repayment of the Versatel Group's existing net bank liabilities of € 377 million was financed by new loans.

In cooperation with staff and KKR, the current Versatel management team has developed a profitable company over the past few years. This positive trend was also accompanied by United Internet via the company's Advisory Board.

With the acquisition of Versatel, United Internet has gained access to Germany's second-largest fiber-optic network with a length of around 39,000 km. It can be accessed in 226 cities, including 19 of the 25 largest cities in Germany. Over 5,400 locations (companies, institutions etc.) are directly connected to Versatel's fiber-optic network. In addition, Versatel operates approx. 420,000 ADSL and SDSL connections. United Internet has thus strengthened its market position as Germany's second-largest DSL provider after Deutsche Telekom. Versatel's current management team will continue to head the company on its own. The Versatel brand will be retained and the company's B2B business is to be expanded further. In addition, corporate clients are also to be gained in future via the United Internet brand 1&1. United Internet is also planning to source DSL pre-services produced by Versatel in the future.

Following the approval of the relevant antitrust authorities, the transaction was completed on October 1, 2014. In the financial statements for the first nine months, the 25.1% investment in Versatel previously held by United Internet was carried at € 66 million. As of the fourth quarter of 2014, Versatel has been included in the consolidated financial statements of United Internet as a wholly-owned subsidiary. After consideration of transaction costs, the accounting change resulted in one-off, non-cash income of € 112.0 million (EBITDA and EBIT effect) in the fourth quarter of 2014.

Sale of shares in fun communications

In December 2014, United Internet sold its stake in fun communications GmbH (49.00%) to the company's management.

united-domains stake increased to 100%

Also in December 2014, United Internet raised its shareholding in united-domains AG from 85% to 100%. The remaining shares were acquired from the company's management by exercising an option agreed on the purchase of the 85% stake (early 2009).

In addition to these investments and its (fully consolidated) core operating brands in the Access and Applications segments, United Internet also held investments in the following companies as of December 31, 2014.

Investments in listed companies

United Internet has held an investment in **Goldbach Group AG**, Küsnacht-Zurich / Switzerland since 2007. As of December 31, 2014 its share of voting rights was 14.96%. The company's market capitalization as of December 31, 2014 amounted to around € 90 million (compared to € 111 million in the previous year).

United Internet has held a stake in **Hi-Media S. A.**, Paris / France since the transfer of the Group's Display Marketing business "AdLINK Media" to Hi-Media in mid 2009. As of December 31, 2014, this shareholding amounted to 10.50%. The company's market capitalization as of December 31, 2014 amounted to around € 113 million (prior year: € 85 million).

Together with the investment in **Rocket Internet AG** (8.18%) made in August 2014, United Internet thus holds stakes in three listed companies. The **stock market value of United Internet's share** in the three companies at the end of the reporting period on December 31, 2014 amounted to around € 669 million.

Further significant investments

In addition to the investments in **ePages GmbH** (25.1%) and **uberall GmbH** (30.36%) made in fiscal 2014, United Internet holds minority shareholdings in three further companies.

United Internet has held a significant stake in **Virtual Minds AG** (48.65%) since February 2008. Virtual Minds (also an adserving supplier of United Internet portals via the brand ADITION Technologies) generated a further positive result in its fiscal year 2014.

In November 2010, United Internet acquired a 30.02% shareholding in the IaaS specialist **ProfitBricks GmbH**. ProfitBricks is still developing its brand and client base and closed its fiscal year 2014 with a negative result.

In July 2013, United Internet acquired 28.36% of shares in the e-mail and collaboration specialist **Open-Xchange AG**. United Internet has already been working successfully with the company for many years in its Applications business. Open-Xchange closed its fiscal year 2014 with a slightly negative result.

Share and dividend

Share

On the back of very strong company progress and accompanied by an upbeat mood on the stock markets, the United Internet AG share continued its good performance of the previous years and closed 2014 at a new all-time high.

Specifically, the United Internet **share** grew by 21.2% to € 37.49 in fiscal 214 (December 31, 2013: € 30.92). The share's performance thus exceeded that of the DAX (+2.7%) and TecDAX (+17.5%) indices.

There was a corresponding increase in the **market capitalization** of United Internet AG from around € 6.00 billion in the previous year to € 7.69 billion as of December 31, 2014. In fiscal year 2014, average daily trading via the XETRA electronic computer trading system amounted to 421,000 shares (prior year: 367,000) with an average value of € 13.73 million (prior year: € 8.55 million).

Share development
(in €; all stock exchange figures are based on Xetra trading)

	2010	2011	2012	2013	2014
Year-end	12.17	13.80	16.31	30.92	37.49
Performance	+ 32.0%	+ 13.4%	+ 18.2%	+ 89.6%	+ 21.2%
Year-high	13.61	14.79	17.55	31.00	37.95
Year-low	8.60	10.58	12.49	16.11	29.28
Average daily turnover	8,659,606	7,974,042	4,906,732	8,554,509	13,731,799
Average daily turnover (units)	796,493	613,960	332,898	367,102	420,640
Number of shares at year-end	240 million	215 million	215 million	194 million	205 million
Market value at year-end	2.92 billion	2.97 billion	3.51 billion	6.00 billion	7.69 billion
Earnings per share (EPS)	0.58	0.79	0.56	1.07	2.28
Adjusted earnings per share[1]	0.58	0.72	0.70	1.07	1.46

[1] Without special items: 2011 without positive one-off effect from sale of Versatel shares (EPS effect: € +0.07); 2012 without negative one-off effect from impairment charges (EPS effect: € -0.23) and without positive one-off effect from sale of freenet shares (EPS effect: € +0.09); 2014 without positive one-off effect from Versatel acquisition and portfolio optimization (EPS effect: € +0.82)

Share data

Share type	Registered common stock
Notional share of capital stock	€ 1.00
German Securities Identification Number (WKN)	508903
International Securities Identification Number (ISIN)	DE0005089031
Ticker symbol Xetra	UTDI
Reuters ticker symbol	UTDI.DE
Bloomberg ticker symbol	UTDI.GR
Segment	Prime Standard
Index	TecDAX
Sector	Software

Shareholder structure

Shareholder	Shareholding
Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft	39.02%
RD Holding GmbH & Co. KG (Ralph Dommermuth)	0.98%
Blackrock	3.04%
Allianz Global Investors	3.00%
United Internet	0.60%
Free float	53.36%

As of December 31, 2014, figures are based on the last respective notification of voting rights

Dividend

In fiscal year 2014, United Internet AG continued to pursue its shareholder-friendly dividend policy based on continuity. The Annual Shareholders' Meeting of United Internet AG on May 22, 2014 voted to accept the proposal of the Management Board and Supervisory Board to pay a **dividend** of € 0.40 per share for fiscal year 2013. The total dividend payment of € 77.3 million (prior year: € 58.0 million) was made on May 23, 2014. At 37.3%, the dividend payout ratio based on consolidated earnings after tax was thus at the upper end of the 20-40% of adjusted consolidated net income targeted by the company's dividend policy (unless funds are required for further company development).

For fiscal year 2014, the Management Board will propose to the Supervisory Board a dividend of € 0.60 per share. The Management Board and Supervisory Board will discuss this **dividend proposal** at the Supervisory Board meeting on March 25, 2015 (and thus after the editorial deadline for this Management Report). The Annual Shareholders' Meeting on May 21, 2015 will vote on the joint proposal of the Management Board and Supervisory Board.

On the basis of 203.8 million shares with dividend entitlement (as of December 31, 2014), the total dividend payment for fiscal year 2014 would amount to

€ 122.3 million. This would correspond to 43.0% of consolidated net income after tax for 2014 (€ 284.7 million without special items from Versatel acquisition and optimization of investment portfolio). Based on the year-end 2014 price of the United Internet share, the dividend yield amounts to 1.6%.

Dividend development

	For 2010	For 2011	For 2012	For 2013	For 2014[1]
Dividend per share (in €)	0.20	0.30	0.30	0.40	0.60
Dividend payment (in € million)	42.0	58.1	58.0	77.5	122.3
Payout ratio	32.4%	35.8%	53.6%	37.4%	27.3%
Adjusted payout ratio[2]	32.4%	35.8%	37.5%	37.4%	43.0%
Dividend yield[3]	1.6%	2.2%	1.8%	1.3%	1.6%

(1) Subject to approval of Supervisory Board and Annual Shareholders' Meeting 2015
(2) Without special items: Sedo impairment charges (2012); one-off income from Versatel acquisition and portfolio optimization (2014)
(3) As of: December 31

Annual Shareholders' Meeting 2014

The Annual Shareholders' Meeting of United Internet AG was held in Frankfurt am Main on May 22, 2014. A total of 69% of capital stock was represented. The shareholders adopted all resolutions on the agenda requiring voting with large majorities.

Capital stock and treasury shares

The company's Management Board resolved on June 13, 2014 to launch a new **share buyback program**. In the course of this share buyback program, up to 2,000,000 company shares can be bought back via the stock exchange. The buyback is based on the authorization of the Annual Shareholders' Meeting of May 22, 2014 to buy back treasury shares representing up to 10% of the company's capital stock. The authorization was issued for the period up to September 22, 2017. In the fiscal year 2014, United Internet bought a total of 1,295,735 treasury shares, which were used in part for employee stock ownership plans. As of December 31, 2014, United Internet held 1,232,338 treasury shares (December 31, 2013: 244,265), corresponding to 0.60% of current capital stock of € 205 million.

On September 15, 2014, the Management Board of United Internet AG, with the approval of the Supervisory Board, resolved on a **capital increase** against cash contributions through partial use of Authorized Capital. In a private placement, the new shares were placed exclusively with institutional investors by way of an accelerated bookbuilding placement. The private placement began on September 15, 2014 and ended on September 16, 2014. As a result of the capital increase, the company's share capital was raised from € 194 million to € 205 million. The 11 million new ordinary registered shares (no-par value shares) were placed at a price of € 32.00 per share. United Internet AG generated gross proceeds of around € 352.0 million from the issue (before commissions and expenses). The net proceeds of the capital increase raise the company's financial flexibility from corporate financing. The new shares were admitted to trading without a prospectus on September 17, 2014 and included in the existing quotation in the sub-segment of the Regulated Market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange. The new shares carry full dividend rights as of January 1, 2014.

Investor Relations

In fiscal 2014, the Management Board and Investor Relations department of United Internet AG provided institutional and private investors with regular and comprehensive information. Information was provided to the capital market via the quarterly and annual reports, as well as at press and analyst conferences. The company’s management and Investor Relations department explained the company’s strategy and financial results in numerous one-on-one discussions at the company’s offices in Montabaur, as well as at roadshows and conferences in Germany, France, UK, Switzerland and the USA. Around 20 national and international investment banks are in contact with the company’s Investor Relations department and publish regular studies and comments on the company’s progress and share performance. Apart from such one-on-one meetings, shareholders and potential future investors can also receive the latest news on the company around the clock via the company’s website (www.united-internet.de).

2.3 Position of the Group

Group's earnings position

On the back of successful business and the initial consolidation of Versatel in the fourth quarter of 2014, consolidated **sales** of United Internet AG grew by 15.4% from € 2,655.7 million in the previous year to € 3,065.0 million (thereof € 130.6 million from the Versatel consolidation) in fiscal year 2014. Sales of the Access segment improved by 19.4%, from € 1,788.3 million in the previous year to € 2,135.1 million, while sales in the Applications segment grew by 7.2%, from € 867.0 million to € 929.4 million. **Foreign sales** increased by 16.2% from € 296.9 million in the previous year to € 344.9 million.

United Internet once again invested heavily in new customer relationships in its fiscal year 2014. The number of fee-based **customer contracts** was increased by 0.91 million – or including the Versatel takeover by 1.33 million – (prior year: 1.41 million incl. Arsys acquisition) to a total of 14.78 million contracts. Ad-financed accounts rose by 0.61 million to 32.12 million.

In the Access segment, a **marketing campaign** for DSL premium tariffs was conducted in the first half 2014. As part of this campaign, new and existing customers (when changing to a premium tariff) were able to opt for the addition of a heavily subsidized (or even free) brand-name tablet. A total of around € 20.6 million was expensed in total for this campaign.

As a result of increasing contribution margins and reduced advertising spending, **start-up losses** in new business fields (De-Mail, 1&1 MyWebsite) and for the "E-Mail made in Germany" initiative of the Applications segment were reduced to € 47.6 million in the reporting period (prior year: € 107.9 million)

Gross margin declined from 34.4% in the previous year to 33.6% in fiscal 2014. In the Access segment, this was mainly due to increased cost of goods for consumer products caused by strong customer growth, as well as the changed product and margin mix following the consolidation of Versatel's business products. The increase in cost of goods for consumer products resulted in particular from the recognition of smartphone subsidies for the fast growing Mobile Internet business (+620,000 contracts compared to +570,000 in the previous year), as well as the expensing of tablet subsidies as part of the above mentioned DSL marketing campaign. **Gross profit** rose by 12.9%, from € 912.9 million(1) to € 1,030.5 million.

Despite strong customer growth in the Access segment, **sales and marketing expenses** remained on a par with the previous year at € 481.3 million (15.7% of sales) – due in particular to reduced advertising spending in new business fields (prior year: € 481.4 million(1); 18.1% of sales).

General and administrative expenses rose in line with sales from € 120.4 million(1) in the previous year (4.5% of sales) to € 136.9 million (4.5% of sales) in fiscal 2014.

Development of key cost items
(in € million)

	2010	2011	2012	2013	2014
Cost of sales	1,226.2	1,375.7	1,574.7	1,742.8[1]	2,034.5
Cost of sales ratio	64.3%	65.7%	65.7%	65.6%	66.4%
Gross margin	35.7%	34.3%	34.3%	34.4%	33.6%
Selling expenses	306.2	356.8	461.7	481.4[1]	481.3
Selling expenses ratio	16.1%	17.0%	19.3%	18.1%	15.7%
Administrative expenses	94.7	102.8	112.1	120.4[1]	136.9
Administrative expenses ratio	5.0%	4.9%	4.7%	4.5%	4.5%

[1] Adjusted retrospectively (see "New mandatory accounting standard" on page 47)

In addition to the earnings contribution of Versatel from initial consolidation in the fourth quarter of 2014, consolidated earnings were influenced by various (net) **positive special items** in fiscal 2014 from the Versatel acquisition and optimization of the investment portfolio (especially the contribution of the GFC and EFF investments to Rocket Internet). This one-off income increased EBITDA and EBIT by € 186.1 million, EBT by € 166.0 million, consolidated net income by € 162.7 million, and EPS by € 0.82.

Positive one-off effects for the Group in 2014

Effects from Versatel acquisition		
One-off income from Versatel acquisition, total, net	EBITDA effect	€ +112.0 million
	EBIT effect	€ +112.0 million
	EBT effect	€ +91.9 million
	Net income effect	€ +89.2 million
	EPS effect	€ +0.45
Effects from optimization of investment portfolio		
One-off income from optimization of investment portfolio, total, net	EBITDA effect	€ +74.1 million
	EBIT effect	€ +74.1 million
	EBT effect	€ +74.1 million
	Net income effect	€ +73.5 million
	EPS effect	€ +0.37 €
One-off effects at Group level, total		
One-off income, total, net	EBITDA effect	€ +186.1 million
	EBIT effect	€ +186.1 million
	EBT effect	€ +166.0 million
	Net income effect	€ +162.7 million
	EPS effect	€ +0.82

Without consideration of these one-off effects, **EBITDA** rose by 35.5%, from € 406.9 million(2) to € 551.5 million (thereof € 33.3 million from the Versatel consolidation) and **EBIT** by 37.9%, from € 312.2 million(2) to € 430.6 million (thereof € 0.9 million from Versatel consolidation).

EBT was raised by 39.3%, from € 296.4 million(2) to € 412.9 million (thereof € -0.7 million from Versatel consolidation) and **consolidated net income** by 37.5%, from € 207.0 million(2) to € 284.7 million (thereof € -2.6 million from the Versatel consolidation). **EPS** improved accordingly by 36.4%, from € 1.07 in the previous year to € 1.46 (thereof € -0.01 from the Versatel consolidation).

Including one-off income from the Versatel acquisition and the optimization of the investment portfolio, EBITDA rose by 81.3% to € 737.6 million, EBIT by 97.5% to € 616.7 million, EBT by 95.3% to € 578.9 million, consolidated net income by 116.1% to € 447.4 million, and EPS by 113.1% to € 2.28.

Key sales and earnings figures of the Group
(in € million)

	2014	2013	Change
Sales	3,065.0	2,655.7	+ 15.4%
EBITDA	551.5(1)	406.9(2)	+ 35.5%
EBIT	430.6(1)	312.2(2)	+ 37.9%

(1) 2014 without one-off income from Versatel acquisition and portfolio optimization (EBITDA and EBIT effect: € +186.1 million)
(2) Adjusted retrospectively (see “New mandatory accounting standard” on page 47)

Quarterly development; change on prior-year quarter
(in € million)

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q4 2013	Change
Sales	709.9	723.7	737.3	894.1	700.6	+ 27.6%
EBITDA	112.1	125.5	142.2(1)	171.7(2)	126.4(3)	+ 35.8%
EBIT	89.7	103.8	120.2(1)	116.9(2)	101.6(3)	+ 15.1%

(1) Q3 2014 without one-off income from contribution of GFC investments to Rocket (EBITDA and EBIT effect: € +71.5 million)
(2) Q4 2014 without one-off income from Versatel acquisition and portfolio optimization (EBITDA and EBIT effect: € +114.6 million)
(3) Adjusted retrospectively (see “New mandatory accounting standard” on page 47)

Historical development of key sales and earnings figures
(in € million)

	2010	2011	2012	2013	2014
Sales	1,907.1	2,094.1	2,396.6	2,655.7	3,065.0
Start-up losses[1]	21.7	42.7	124.1	107.9	47.6
EBITDA[2]	357.7	341.8	325.9	406.9[3]	551.5
EBITDA margin	18.8%	16.3%	13.6%	15.3%	18.0%
EBIT[2]	271.5	253.0	232.7	312.2[3]	430.6
EBIT margin	14.2%	12.1%	9.7%	11.8%	14.0%

(1) Start-up losses = EBITDA-effective start-up losses in new business fields; in 2014: De-Mail and 1&1 MyWebsite as well as the "E-Mail made in Germany" initiative
(2) Without special items: 2011 without sale of Versatel shares (EBITDA and EBIT effect: € +23.0 million); 2012 without Sedo impairment charges (EBIT effect: € -46.3 million) and sale of freenet shares (EBITDA and EBIT effect: € +17.9 million); 2014 without one-off income from Versatel acquisition and portfolio optimization (EBITDA and EBIT effect: € +186.1 million)
(3) Adjusted retrospectively (see "New mandatory accounting standard" on page 47)

Group's financial position

Thanks to the positive development of earnings, **operative cash flow** rose from € 280.1 million in the previous year to € 380.6 million in fiscal year 2014.

Following the restructuring of the Group, an intra-group dividend was paid at the end of the year which resulted in a capital gains tax payment of € 335.7 million. The amount will be refunded immediately after the tax return of United Internet AG for 2014 has been processed. This is expected to be in April 2015. Without consideration of this capital gains tax payment due to closing-date effects, **net cash inflows from operating activities** increased from € 268.3 million[1] in the previous year to € 454.0 million – despite the expansion of business (sales growth of 15.4%).

Net cash outflows from investing activities amounted to € 1,349.8 million in the reporting period (prior year: € 207.8 million). This resulted mainly from disbursements of € 72.3 (prior year: € 59.9 million) for capital expenditures, as well as from payments for the acquisition of shares in affiliated companies of € 942.2 million (Versatel acquisition), payments for the acquisition of shares in associated companies of € 23.1 million (investment in ePages and uberall as well as investments via Global Founders Capital No. 1), and investments in other financial assets of € 334.7 million (mainly for the investment in Rocket Internet). Apart from capital expenditures (€ 59.9 million), net cash outflows from investing activities in the previous year resulted mainly payments for the acquisition of shares in affiliated companies of € 130.1 million (Arsys takeover), and payments for the acquisition of shares in associated companies of € 22.7 million (especially Open-Xchange investment).

Free cash flow (i.e. net cash inflows from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment) amounted to € 386.6 million (adjusted for the capital gains tax payment due to closing-date effects) – compared to € 211.6 million[1] in the previous year. This demonstrates the Group's ability to consistently generate high, and increasing, levels of cash while at the same time achieving strong qualitative growth.

Net cash flow for financing activities in fiscal year 2014 was dominated by an outflow for the dividend payment of € 77.3 million (prior year: € 58.0 million), the purchase of treasury shares amounting to € 38.8 million (prior year: € 27.7 million), the purchase of further shares in affiliated companies (Sedo Holding, united-domains) amounting to € 20.0 million (prior year: € 11.9 million) and – opposing – net proceeds from the capital increase in September 2014 amounting to € 348.3 million and the net assumption of loans totaling € 1,034.0 million (prior year: € 39.8 million).

Historical development of key cash flow figures
(in € million)

	2010	2011	2012	2013	2014
Operative cash flow	238.1	211.9	214.1	280.1(1)	380.6
Cash flow from operating activities	290.4	194.8	260.5	268.3(1)	454.0(2)
Cash flow from investing activities	-71.2	2.0	1.9	-207.8	-1,349.8
Free cash flow(3)	219.7	142.3	204.7	211.6(1)	386.6(2)
Cash flow from financing activities	-240.5	-228.0	-284.4	-59.2	1,240.9
Cash and cash equivalents on December 31	96.1	64.9	42.8	42.8(1)	50.8

(1) Adjusted retrospectively (see "New mandatory accounting standard" on page 47)
(2) Without consideration of capital gains tax payment due to closing-date effects of € 335.7 million
(3) Free cash flow is defined as net cash inflows from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment

Group's asset position

Due in particular to the initial consolidation of Versatel and the investment in Rocket Internet, the **balance sheet total** rose from € 1.270 billion(1) as of December 31, 2013 to € 3.673 billion on December 31, 2014.

Non-current assets increased from € 970.9 million(1) as of December 31, 2013 to € 2,929.2 million on December 31, 2014. Within this item, additions to **property, plant and equipment and intangible assets** of € 78.0 million (mainly for furniture and fixtures, as well as software) were opposed by depreciation and amortization of € 120.9 million. The strong year-on-year increase in both items results from the infrastructure added in the course of the Versatel acquisition. There was also a strong rise in **goodwill from** € 452.8 million to € 977.0 million resulting from the Versatel acquisition. Despite investments in ePages and uberall, **shares in associated companies** fell from € 115.3 million(1) as of December 31, 2013 to € 34.9 million due to the contribution of shares in GFC and EFF funds to Rocket Internet (now disclosed in other financial assets) as well as the disposal of shares in the former Versatel holding company VictorianFibre Holding & Co. S.C.A. (in the course of the complete Versatel takeover). **Other financial assets** rose € 47.6 million(1) to € 695.3 million, mainly as a result in the investment in Rocket Internet. **Trade**

accounts receivable of € 23.5 million result from the often very long-term contractual relationships in Versatel's business (finance leases). **Prepaid expenses**, which mainly comprise advance payments made in the course of long-term purchasing agreements, rose from € 7.3 million to € 37.1 million.

Current assets increased from € 299.3 million[(1)] on December 31, 2013 to € 744.2 million on December 31, 2014. **Cash and cash equivalents** disclosed under current assets rose from € 42.8 million[(1)] to € 50.8 million in fiscal 2014. As a result of the initial consolidation of Versatel, **trade accounts receivable** increased from € 135.5 million to € 193.1 million. The same applies to **prepaid expenses**, which rose from € 53.3 million to € 66.6 million. **Other non-financial assets** increased from € 4.7 million in the previous year to € 377.5 million and are mainly due to receivables from the tax office (capital gains tax refund: € 335.7 million).

In fiscal 2014, **non-current liabilities** rose from € 358.8[(1)] million to € 1,581.1 million. The refinancing of the Versatel acquisition and investment in Rocket Internet led to an increase in long-term **bank liabilities** from € 317.0 million to € 1,343.9 million. **Deferred tax liabilities** rose in connection with the Versatel acquisition from € 25.4 million to € 73.6 million. **Deferred revenue** of € 24.3 million (prior year: € 0) and **other accruals** of € 35.9 million (prior year: € 0) result from the often very long-term contractual relationships in Versatel's business. The rise in **other financial liabilities** of € 16.3 million to € 99.2 million results mainly from financial leasing obligations (IRUs / network rentals) from the Versatel business.

In fiscal 2014, **current liabilities** increased from € 603.7[(1)] million to € 887.6 million. As a result of closing-date effects, as well as the expansion of business and the initial consolidation of Versatel, current **trade accounts receivable** rose from € 260.2 million to a total of € 356.1 million. **Tax accruals** increased from € 22.2 million to € 139.2 million. **Deferred revenue** was up from € 183.7 million to € 210.6 million due to the expansion of business. The increase in **other financial liabilities** from € 53.2 million to € 94.8 million is mainly due to closing-date effects and the expansion of business.

As a result of the successful development of business and the capital increase, the Group's **equity capital** rose from € 307.9 million to € 1,204.7 million. The **equity ratio** improved from 24.2% as of December 31, 2013 to 32.8% as of December 31, 2014. At the end of the reporting period on December 31, 2014, United Internet held 1,232,338 **treasury shares** (December 31, 2013: 244,265 treasury shares).

Net bank liabilities (the balance of bank liabilities and cash and cash equivalents) increased from € 297.2 million[1] to € 1,323.2 million. This rise was mostly due to the refinancing of the Versatel acquisition, the investment in Rocket Internet, and closing-date effects from the capital gains tax payment.

Development of relative indebtedness

	2010	2011[2]	2012	2013	2014[3]
Net bank liabilities[4] / EBITDA	0.76	1.26	0.75	0.73	1.79
Net bank liabilities[4] / free cash flow[5]	1.24	3.23	1.26	1.40	3.42

(1) Adjusted retrospectively (see "New mandatory accounting standard" on page 47)
(2) 2011: increase in net bank liabilities due to share buyback
(3) 2014: increase in net bank liabilities mainly due to Versatel acquisition, Rocket investment and closing-date effects from capital gains tax payment
(4) Net bank liabilities = balance of bank liabilities and cash and cash equivalents
(5) Free cash flow = net cash inflows from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment; free cash flow 2014 without consideration of closing-date effects from capital gains tax payment

Further details on the objectives and methods of the Group's financial risk management are provided under point 43 of the notes to the consolidated financial statements.

Historical development of key balance sheet items
(in € million)

	2010	2011	2012	2013[1]	2014
Total assets	1,271.3	1,187.0	1,107.7	1,270.3	3,673.4
Cash and cash equivalents	96.1	64.9	42.8	42.8	50.8
Shares in associated companies	84.1	33.6[2]	90.9[2]	115.3	34.9
Property, plant and equipment	108.7	110.9	109.2	116.2	689.3
Intangible assets	221.4	187.4	151.8	165.1	385.5
Goodwill	402.9	401.3	356.2[3]	452.8[3]	977.0
Liabilities due to banks	369.4	524.6[4]	300.3[4]	340.0	1,374.0
Capital stock	240.0	215.0[5]	215.0	194.0[5]	205.0[5]
Treasury stock	241.0	270.8	263.6	5.2[5]	35.3
Equity	382.4	154.8[6]	198.1	307.9	1,204.7
Equity ratio	30.1%	13.0%	17.9%	24.2%	32.8%

(1) Adjusted retrospectively (see "New mandatory accounting standard" on page 47)
(2) Sale of Versatel shares (2011); repurchase of Versatel shares via Versatel's holding company (2012)
(3) Decrease due to impairment charges for Sedo Holding (2012); increase due to Arsys acquisition (2013)
(4) Increase due to share buybacks; decrease due to repayment of loans
(5) Decrease due to share cancellations (2011, 2013); increase due to capital increase (2014)
(6) Decrease due to share buybacks

New mandatory accounting standard

The risk-opportunity approach previously specified by SIC-12 is no longer relevant for the purpose of assessing the existence of control under IFRS 10. The amendments meant that shares in the special-purpose vehicles European Founders Fund No. 2 and No. 3 (since contributed to Rocket Internet AG), which were fully consolidated until December 31, 2013, were regarded as associates on initial application of IFRS 10 and accounted for in the consolidated financial statements using the equity method. IFRS 10 must be applied retrospectively, i.e. prior-year figures have been adjusted accordingly. The new mandatory accounting standard did not have any impact on net income for the period or the company's equity. Further details are provided in the notes to the consolidated financial statements.

Management Board's overall assessment of the current business situation

The macroeconomic conditions in the main target countries of the United Internet Group varied strongly during the reporting period. Whereas the economies of our North American target countries Mexico and the United States lagged behind the IMF's original forecast, Canada was able to exceed expectations. There was a similar development in United Internet's European markets. Although France and Italy fell short of expectations, Spain and the UK exceeded them. United Internet's most important market, Germany, developed in line with expectations.

With growth of 1.5% in fiscal year 2014, the German ICT market performed slightly worse than originally expected (1.7%).

Despite differing economic trends in the target countries, and a slightly poorer-than-expected sector trend, United Internet enjoyed further dynamic growth in fiscal year 2014 with the addition of 1.33 million customer contracts to 14.78 million, revenue growth of 15.4% to € 3,065 billion and an increase in EBITDA of 35.5% to € 551.5 million. With the milestones in customer contracts, sales and earnings reached in fiscal year 2014, United Internet was able to meet the forecasts it had upgraded during the year and even surpass them in some cases.

At the same time, the company once again invested heavily in new customer acquisition, the expansion of existing customer relationships, and in new business fields in order to pave the way for future growth. In addition to these foundations in its operating business, United Internet also tapped further growth potential with the complete takeover of Versatel and the access this provides to Germany's second-largest fiber-optic network.

This significantly better performance compared with the macroeconomic and sector-specific trend highlights the benefits of United Internet's business model based predominantly on electronic subscriptions with fixed monthly payments and contractually fixed terms. This ensures stable and predictable revenues and cash flows, offers protection against cyclical influences and provides the financial scope to grasp opportunities in new business fields and new markets – organically or via acquisitions.

The financial position of United Internet AG continued to improve in fiscal year 2014. Free cash flow increased to € 386.6 million – compared to € 211.6 million in the previous year. This once again underlines the Group's ability to generate very healthy levels of cash while at the same time achieving strong qualitative growth.

The change in the Group's asset position was due in particular to the complete acquisition of Versatel and the investment in Rocket Internet AG.

All in all, the Management Board believes that the United Internet Group is well placed for its further corporate development and is optimistic about its future prospects.

2.4 Position of the company

Earnings of United Internet AG

In the period under review, **sales** of United Internet AG amounted to € 6.3 million (prior year: € 5.0 million) and mostly comprised services and rent charged to the Group's subsidiaries.

Due to the transfer of staff from United Internet AG to a subsidiary and prior-year expenses for existing share price- based remuneration programs, **personnel expenses** in fiscal 2014 are not comparable with the previous year. Adjusted for the effect from employee stock ownership programs, personnel expenses in the reporting period amounted to € 1.6 million (prior year: € 3.2 million).

Other operating expenses result from legal, auditing and consulting fees, Supervisory Board compensation, and expenses for investor relations, marketing and press relations. In the reporting period, there were additional expenses of € 3.7 million for the capital increase conducted in September 2014. In total, other operating expenses amounted to € 7.2 million (prior year: € 4.3 million).

Income from profit transfer agreements with 1&1 Internet AG, 1&1 Telecommunication AG, and United Internet Ventures AG totaled € 1,572.8 million in the reporting period (prior year: € 272.2 million). This amount includes a special dividend payout of € 1,272.8 million made by 1&1 Telecom Holding GmbH.

Expenses for loss assumptions of € 5.7 million (prior year: € 24.0 million) mainly comprise the compensation expense of United Internet Corporate Services GmbH and 1&1 Telecommunication Holding SE.

The parent company's **result from ordinary activities** amounted to € 1,533.0 million (prior year: € 208.7 million).

Income taxes of € 53.4 million include an amount of € 32.7 million for current taxes in 2014, of which € 22.4 million relates to corporate income tax and the solidarity surcharge, € 10.3 million to trade tax, and € 2.8 million to deferred taxes. Due to the results of the tax audit for 2006 to 2008 and the resulting consequential effects for assessments in future years, there were out-of-period tax expenses of € 17.9 million.

The parent company posted **net income** of € 1,479.6 million (prior year: € 110.4 million). Due in particular to the special dividend payout, net income is not comparable with the previous year.

Assets and financial position of United Internet AG

The parent company's **balance sheet total** rose from € 1,299.8 million on December 31, 2013 to € 4,514.6 million on December 31, 2014.

Fixed assets are dominated by **shares in affiliated companies** amounting to € 1,214.5 million (prior year: € 1,097.6 million), as well **loans to affiliated companies** of € 1,037.3 million (prior year: € 1.8 million). The increase in loans results from the issue of loans to three subsidiaries totaling € 1,036.0 million.

Current assets mainly comprise **receivables due from affiliated companies** of € 1,886.1 million (prior year: € 193.5 million) which result from the profit transfer agreement with 1&1 Internet AG and receivables within the United Internet Group's cash pooling system. **Other assets** disclosed under current assets amounting to € 366.7 million (prior year: € 2.1 million) consist solely of receivables due from the tax office.

Equity is dominated by the increase in **capital reserves** to € 458.0 million (prior year: € 117.0 million) following the issue of 11 million new shares at a price of € 32 in the course of the capital increase for cash contribution, as well as the increase in the **balance sheet profit** to € 1,422.8 million (prior year: € 220.5 million) – following the transfer of a partial amount of € 200.0 million to revenue reserves. The **equity ratio** fell as a result of the greatly increased balance sheet total from 66.1% in the previous year to 57.3% as of December 31, 2014.

Liabilities are marked in particular by liabilities to banks and liabilities to affiliated companies. In fiscal 2014, **liabilities to banks** rose to € 1,382.6 million (prior year: € 343.0 million) due mainly to partial refinancing in connection with the acquisition of Versatel and the investment in Rocket Internet. The bank liabilities themselves result from a syndicated loan totaling € 750 million concluded in August 2014, a promissory note loan of € 600 million concluded in December 2014, and a revolving syndicated loan of € 600 million which had been utilized in an amount of € 30 million as of the reporting date. **Liabilities to affiliated companies** increased to € 466.5 million (prior year: € 24.6 million) and result mainly from tax liabilities (€ 335.7 million), and existing service arrangements (€ 8.6 million), as well as profit transfer agreements and compensation agreements (€ 122.2 million).

Cash flow of the parent company's financial statements is dominated by cash flows from the profit transfer agreements with 1&1 Internet AG, 1&1 Telecommunication AG, and United Internet Ventures AG, as well as the assumption of financial liabilities in connection with the Versatel acquisition and investment in Rocket Internet. Further details are provided in the notes to the separate financial statements for the parent company.

Management Board’s overall assessment of the current business situation of United Internet AG

Due to its role as the Group’s holding company, the economic position of United Internet AG at parent company level is mainly influenced by its investment result. The key drivers of this result are the profit transfer agreement with the subsidiaries 1&1 Internet AG, 1&1 Telecommunication AG and United Internet Ventures AG. The above statements on the Group’s economic position therefore also apply qualitatively for United Internet AG itself.

2.5 Significant non-financial performance indicators

United Internet AG believes that its entrepreneurial activities are not solely restricted to the pursuit and implementation of economic objectives, but also involve a commitment and responsibility towards society and the environment. United Internet assumes this responsibility in a variety of ways. The most important aspects are summarized in the following sections.

Sustainable business policy

United Internet is committed to pursuing a sustainable business policy. This sustainability is illustrated in particular by its high level of investment in customer relationships and new business fields and thus in future growth.

In its fiscal year 2014, United Internet once again invested heavily in customer growth and added 0.91 million customer contracts, or as many as 1.33 million including the Versatel takeover (prior year: 1.41 million including the Arsys acquisition) to reach a total of 14.78 million contracts. In addition to these fee-based contracts, United Internet also operates 32.12 million free accounts (prior year: 31.51 million) at its data centers that are refinanced via advertising revenue. United Internet therefore manages a total of 46.90 million customer accounts (prior year: 44.96 million) globally.

Development of customer relationships
(in million)

	2010	2011	2012	2013	2014
Growth of “fee-based contracts”	+ 0.61	+ 0.91	+ 1.18	+ 1.41 (2)	+ 1.33 (3)
Growth of “free accounts”	+ 1.70	+ 2.80 (1)	+ 1.00	– 0.05	+ 0.61
Growth of “total accounts”	+ 2.31	+ 3.71 (1)	+ 2.18	+ 1.36 (2)	+ 1.94 (3)

(1) Including 1.50 million free accounts from the takeover of mail.com
(2) Including 0.33 million fee-based contracts from the takeover of Arsys
(3) Including 0.42 million fee-based contracts from the takeover of Versatel

United Internet has also invested heavily in customer retention, customer satisfaction and service quality since the launch of the DSL quality drive in 2009 and the introduction of the 1&1 Principle in 2012 and its international rollout in 2013. With the 1&1 Principle, the United Internet brand 1&1 gives customers five clear product-related performance promises. These include, for example, a one-month test phase or – in the case of DSL and mobile products – overnight delivery of hardware and on-site, next-day replacement of faulty equipment, as well as – for cloud products – a monthly product upgrade or downgrade and geo-redundancy for maximum data security.

With the launch of the “E-Mail made in Germany” initiative in 2013 (in cooperation with a network comprising also Deutsche Telekom and freenet), United Internet also provides its customers a high standard of security and privacy in their e-mail communication. This includes the encrypted transmission of all e-mails on all network routes, the processing and storage of all data in Germany according to German data protection regulations and the identification of secure e-mail addresses within the e-mail applications. As of April 29, 2014, only SSL keys certified in Germany are used within the “E-Mail made in Germany” network and all transmission routes are fully encrypted.

In addition to its investments in customer relationships, customer satisfaction and data protection, United Internet also uses the Group’s strong earnings power and high cash generation to set up and develop new business fields and drive its further internationalization.

In its new business fields – with which the company also aims to tap new target groups – the main focus in the past was on internationalization, De-Mail, 1&1 MyWebsite, the new top-level domains (nTLDs), and as of fiscal year 2014 also the “E-Mail made in Germany” initiative.

In fiscal year 2014, United Internet invested around € 47.6 million (prior year: € 107.9 million) in new business fields and thus in sustainable growth.

Investment in new business fields
(in € million)

	2010	2011	2012	2013	2014
EBITDA-effective start-up losses[1]	21.7	42.7	124.1	107.9	47.6

[1] In 2014: De-Mail and 1&1 MyWebsite as well as the “E-Mail made in Germany” initiative

Employees

The rapidly developing internet market represents a considerable challenge for employees and thus for the HR policy of United Internet. The company meets this challenge primarily by actively nurturing its junior staff, promoting the targeted development of managers and offering a variety of tailored development activities for all employees.

As a result of the expansion of business and the Versatel acquisition, the number of employees increased once again in fiscal year 2014. As of December 31, 2014, United Internet employed a total of 7,832 people – an increase of 16.5% or 1,109 employees over the previous year (6,723[1] employees).

There were 2,965 employees in the Access segment (prior year: 2.,025[1]), 4,829 in the Applications segment (prior year: 4,664[1]) and 38 employed at the Group’s headquarters (prior year: 34[1]).

Headcount in Germany rose by 21.4%, or 1,088 employees, from 5,080[1] in the previous year to 6,168 as of December 31, 2014. Headcount at the non-German subsidiaries increased by 1.3%, or 21 people, from 1,643[1] in the previous year to 1,664.

Headcount development (by segment and domestic/foreign)

	2010	2011	2012	2013[1]	2014	Change over 2013
Employees, total	5,018	5,593	6,254	6,723	7,832	+ 16.5%
thereof domestic	4,019	4,375	4,904	5,080	6,168	+ 21.4%
thereof foreign	999	1,218	1,350	1,643	1,664	+ 1.3%
Access segment	1,780	1,794	1,928	2,025	2,965	+ 46.4%
Applications segment	3,211	3,771	4,292	4,664	4,829	+ 3.5%
Headquarters	27	28	34	34	38	+ 11.8%

(1) The headcount statistics of United Internet AG were revised as of June 30, 2014 and now disclose only active employees. The comparative figures as of December 31, 2013 were adapted retroactively.

Personnel expenses rose by 14.9%, from € 306.1 million in fiscal 2014 to € 351.7 million. The personnel expense ratio remained on a par with the previous year at 11.5%.

Development of personnel expenses
(in € million)

	2010	2011	2012	2013	2014	Change over 2013
Personnel expenses	202.9	230.1	275.1	306.1	351.7	+ 14.9%
Personnel expense ratio	10.6%	11.0%	11.5%	11.5%	11.5%	

Sales per employee, based on annual average headcount, amounted to approx. € 421 thousand in fiscal year 2014.

Targeted staff support and ongoing development

In order to give all employees at all locations, in all divisions, and in all functions the same opportunities and possibilities, a transparent and group-wide framework as well as standard programs and support measures have been defined in the field of staff development. Employees can progress within their department by taking on successively more responsibility and tasks. Transfers between different functions are also possible. Once employees have reached the highest competency level ("senior") for their respective function, two alternative career models are offered: the "management track" and the "expert track". Whereas employees choosing the "management track" gradually assume more and more staff responsibility, "experts" have specialist knowledge and are top performers, "know-how owners", and advisors in their specific field, but are not given responsibility for staff. Both the management and expert tracks are "permeable", i.e. horizontal movement is also possible and an expert can become a manager and vice versa. In addition to support within a level and the next vertical step, there are thus also horizontal career possibilities within the Group, which enable staff to grow into a new role – in their own division or even across divisions. All paths are accompanied by specific programs as well as individual personnel development measures.

United Internet also offers all employees an extensive range of training opportunities. In addition to seminars and courses on general – mostly soft skill – topics, staff are also encouraged to enhance their hard skills with professional training and vocational certificates specific to their particular functions. Further development programs are offered for staff with exceptional abilities and potential in all areas of the company. Such employees are then accompanied through a structured program of individual development and training plans in order to prepare them for their future personal challenges, and those of the company (MyWay+ for staff and 1&1 MOVE for management and experts). With the aid of junior management programs, such as the 1&1 Graduate or Master+ plans, United Internet develops young talents fresh from university from an early stage. The main target is to be able to recruit and train future managers and specialists from within the company.

A particular initiative being driven in cooperation between Personnel Development and colleagues from the various departments is the TEC campus. TEC Campus is the platform for the professional development of colleagues in the field of technology and development. The aim is to broaden and network staff know-how and quickly identify new technologies by sharing internal expertise and providing targeted, needs-oriented training.

Thanks in part to the measures described above, the United Internet Group was able to recruit over 72% of managers from within its own ranks in fiscal year 2014.

United Internet AG has once again been named as a top employer in 2014. Based on an independent study of the Top Employers Institute, United Internet was awarded the “TOP Employers Germany” certification – as in the preceding years. Certification is only awarded to organizations which offer staff attractive working conditions. Assessment is based on career opportunities, employer benefits, working conditions, training and development opportunities, and the corporate culture.

Training held in high regard

The United Internet Group also attaches great importance to the field of education and training. United Internet trains young people to meet its future needs and offers them a successful start to their professional lives. The company currently offers apprenticeships in commercial and technical professions, including IT specialist (application development/systems integration), IT systems clerk, dialogue marketing clerk, marketing communication clerk, and office management clerk. Over a three-year training period, all participants experience a wide variety of different company departments and take part in numerous events and workshops. The apprentice workshops at the facilities in Karlsruhe and Montabaur have proved especially successful. Technical apprentices in particular spend part of their training period in the workshops in order to learn the basics for their later careers.

Over 150 young people were serving their apprenticeships with Group companies at year-end 2014. After successfully passing their examinations, United Internet endeavors to offer jobs to as many apprentices as possible and to make an attractive offer to every graduate. In fiscal year 2017, 37 apprentices were given full-time jobs.

In cooperation with Baden-Wuerttemberg Cooperative State University (Duale Hochschule Baden-Württemberg - DHBW), United Internet also offers degree courses in Applied Computer Sciences, Information Management, Business Administration / Accounting and Business Administration / Services Marketing at the universities of Karlsruhe and Mannheim.

Moreover, United Internet is a sponsor of the “Germany Scholarship” program, in which companies and the state play an equal role in promoting future graduates and helping them complete successful and challenging degree courses. The scholarship program supports students whose achievements promise future excellence in their studies and careers. Since the program was launched in 2011, United Internet has sponsored students at the two elite universities LMU and TU Munich.

Diversity

Without the individual strengths of its employees, United Internet would not be what it is today – an internationally successful, innovative company on track for growth. United Internet attaches great importance to the constructive use of diversity management and the handling of social differences between its employees.

United Internet’s corporate culture is based on mutual respect and a positive attitude toward individual differences with regard to culture, nationality, gender, age and religion – in other words, everything that makes the company’s employees unique and distinctive. A work force composed of diverse personalities offers ideal conditions for creativity and productivity. The resulting potential for new ideas and innovation strengthens United Internet’s competitive position and enhances its opportunities in future markets. In accordance with this principle, the company strives to find the field of activity and function for each employee which allows them to fully exploit their individual potential and talents. In addition to productivity, diversity also helps raise the general level of satisfaction among employees. These are key reasons for many applicants to select their future employer. As United Internet’s customers also have a wide variety of needs and wishes, they appreciate a business partner who can live up to their own diversity.

However, the promotion of diversity is not simply a one-size-fits-all solution. Employees and applicants are recruited, employed and promoted on the basis of objective criteria, such as skills, aptitude and expertise. In corporate divisions in which women are structurally under-represented, United Internet seeks to raise their representation provided they have the same qualifications, skills and suitability. However, the company always decides on a case-by-case basis.

Employees by gender

	Dec. 31, 2014	Dec. 31, 2013
Women	42%	35%
Men	58%	65%

The average age of the United Internet Group's employees at the end of fiscal year 2014 was around 33.8.

Employee age profile

	Dec. 31, 2014	Dec. 31, 2013
under 30	32%	30%
30 – 39	43%	46%
40 – 49	20%	20%
over 50	5%	4%

Employees of United Internet AG work in an international environment at over 40 sites around the world.

Employees by country

	Dec. 31, 2014	Dec. 31, 2013
Employees, total	7,832	6,723
thereof Germany	6,168	5,080
thereof France	46	23
thereof UK	227	208
thereof Philippines	450	468
thereof Romania	264	288
thereof Spain	341	329
thereof USA	300	303
thereof Other	36	24

Green IT

In the wake of the global climate debate and rising energy costs, the term "Green IT" is being used increasingly in the computer industry. The term basically comprises all measures that contribute toward reducing a company's CO_2 emissions and energy consumption.

The ICT sector makes a significant contribution to global added value and is thus a strong economic factor. At the same time, it also emits a significant amount of CO_2 and consumes a lot of electricity. For internet service providers like United Internet, this applies in particular to the data centers where millions of cloud applications are managed for private and commercial users.

United Internet has been using electricity from renewable energy sources at its data centers in Germany since December 2007. The servers at our German data centers in Karlsruhe and Baden Airpark, for example, are powered 100% by electricity from three Norwegian hydroelectric power plants supplied by Stadtwerke Karlsruhe. Servers at our data centers in the USA were also converted to climate-neutral electricity in 2008.

The main elements of our energy-saving efforts at data centers in Germany are:

- An intelligent cooling system. The warm cooling water is first led through open-air coolers on the roof of the data center that do not require energy-hungry compressors and use the "natural" outdoor temperature for cooling.
- The server hardware. The bulk of our computers are built-to-order for United Internet. We leave out unnecessary components and specify, for example, energy-saving processors and power supplies with low heat loss. This means that less heat is radiated and data rooms do not have to be cooled as intensively.
- The software used. The webhosting operating system used by United Internet is our own development, based on Linux. The modification enables us to manage the data of several thousand customers on a single computer and at the same time and thus utilize our resources as sensibly as possible.
- The virtualization. The server hardware used in data centers is often only utilized at an average rate of 15% to 25%. With the aid of virtualization, efficiency can be increased significantly – thus saving energy.

Social responsibility

“United Internet for UNICEF” was set up in September 2006 as an independent foundation under German civil law. The foundation primarily supports projects of UNICEF, the United Nation’s Children’s Fund. We carefully select projects from the wide range of UNICEF topics and present them on the high-reach portals of the United Internet Group (1&1, GMX und WEB.DE) in order to attract as many donors as possible – for the particular project or as long-term UNICEF sponsors.

The single or repeat donations gained via United Internet’s portals are doubled by United Internet for the specific projects and are passed on 100% to UNICEF – thanks to the voluntary work of all foundation staff.

There were several reasons for us to set up our own foundation devoted principally to supporting UNICEF:

- UNICEF makes a sustainable improvement to the lives of children. True to the principle of “Helping People Help Themselves”, UNICEF develops national programs around the world focusing on education, health, AIDS and child protection. UNICEF involves the local population in its development work and supports them in such a way that they can look after themselves and their children.
- UNICEF provides long-term aid, but also offers fast and reliable help in emergency situations. In the wake of earthquakes, floods or wars, UNICEF provides children with clean drinking water and drugs, sets up provisional schools and offers psycho-social care. UNICEF can draw on its many years of experience and global presence.
- UNICEF imposes strict controls on the use of donations. Both the UNICEF representatives in the program countries and the local partners are regularly inspected to ensure that funds are being used exactly as planned.

2014 was once again dominated by numerous emergency situations for children in many parts of the world. Children in crisis regions such as Syria, North Iraq and South Sudan were particularly affected, as were those in the countries of West Africa worst hit by the Ebola outbreak. The Foundation therefore focused its appeals on these topics and countries in 2014. To ensure long-term aid, particular emphasis was placed on recruiting long-term UNICEF sponsors for all Foundation activities. As a result of the Foundation's appeals, a further € 2.4 million could be handed over to UNICEF in the fiscal year 2014.

Since its creation, the foundation has collected € 28.5 million in donations and enlisted around 9,800 active UNICEF sponsors via the 1&1, GMX and WEB.DE portals.

3 Subsequent events

There were no significant events subsequent to the end of the reporting period on December 31, 2014 which had a material effect on the financial position and performance or the accounting and reporting of the parent company or the Group.

Information on the economic position of the United Internet Group at the time of preparing this Management Report are provided under point 4.3 in the "Forecast report".

Rocket Internet AG, one of United Internet's 3 listed investments conducted a capital increase for cash contribution with partial use of Authorized Capital on February 13, 2015. The capital increase raised the company's capital stock from € 153,130,566 to € 165,140,790. The new shares were offered exclusively to institutional investors by means of a private placement and accelerated bookbuilding process. The 12,010,224 new shares were allocated at a placement price of € 49.00 per share. In the course of this capital increase, United Internet acquired 1,201,000 Rocket shares for a total of around € 58.8 million and thus raised its stake in Rocket to 8.31%.

4 Risk, opportunity and forecast report

The risk and opportunity policy of the United Internet Group is based on the objective of maintaining and sustainably enhancing the company's value by utilizing opportunities while at the same time recognizing and managing risks from an early stage in their development.

The risk and opportunity management system regulates the responsible handling of those uncertainties involved with economic activity.

4.1 Risk report

Risk management

The concept, organization and task of United Internet AG's risk management system are defined by the Management Board and Supervisory Board and documented in a risk manual which is valid for all members of the Group. These requirements are regularly adapted to changing legal conditions and continually developed. The Internal Audit department regularly examines the functioning and efficiency of the risk management system. As part of his statutory auditing obligations for the annual financial statements and consolidated financial statements, the external auditor also examines whether the risk early recognition system is generally suitable for the early identification of risks and developments which might endanger the company. The system complies with statutory requirements regarding risk early recognition systems, as well as with the German Corporate Governance Code. Its design is based on the specifications of the international ISO standard ISO/IEC 31000. In accordance with the regulations of the German Stock Corporation Act, the Supervisory Board also examines the efficacy of the risk management system.

Methods and objectives of risk management

The risk management system comprises those measures which enable United Internet AG to identify, classify in terms of money and scenario, steer and monitor from an early stage all possible risks for the attainment of its corporate objectives with the aid of assessments and early warning systems. The aim of the group-wide risk management system is to provide maximum transparency for management regarding the actual risk situation, its changes and the available options for action so that a conscious decision can be taken to accept or avoid such risks. There is always an established indirect connection to central Group-wide risk management via the regular reporting channels throughout the Group and a direct connection for all major divisions. This ensures the completeness of registered risks in the risk management system.

The current status of the main risks is communicated to the Management Board and Supervisory Board four times per year. Identified important risks with an immediate impact or significant changes in the risk situation trigger an ad-hoc reporting obligation. The respective risk is then communicated immediately to the CFO of United Internet AG, who in turn reports it to the Supervisory Board where necessary. In this way, significant risks can be addressed as quickly as possible. In order to support the centralized risk management system, additional local risk managers have been installed with monthly reporting in business fields of particular importance for the Group’s business success (such as the areas “Technology & Development”). In order to facilitate the group-wide exchange and comparison of risk information, these local risk managers meet with the Group’s central risk management team and – for cross-company issues – with the company-wide, cross-functional managers at regular Risk Manager Meetings. The risk management system established by United Internet AG only documents recognized risks. Risks are assessed with their net impact, i.e. effects from mitigating (corrective) measures are only considered in the risk assessment after implementation.

Risks for United Internet

Of the total risks identified for the Group, the following sections describe the main risk categories and individual risks from the company’s point of view. Assessments which the company’s Management Board makes regarding the likelihood of occurrence and the potential impact of the risks described below are provided at the end of this Risk Report.

Strategy

United Internet continues to seek increasingly international growth in European and non-European markets. As a result, the company faces a growing number of new challenges associated with different cultural backgrounds, different legal requirements, and the ethical and social expectations of customers and international staff with regard to the parent company. For both internal processes, such as the implementation of cross-company and international projects, and customer communications, business success also depends on the precise knowledge and consideration of country-specific characteristics of the parties involved. The company takes this into account by enhancing the cross-cultural skills and awareness of its employees and managers.

Market

Competition

There is intense competition in both the Access and Application segments which may increase further, for example, via the market entry of new competitors. This would have a negative impact on growth and/or achievable margins.

In the course of diversifying its business model, United Internet occasionally enters new, additional markets with major competitors. Such entrepreneurial decisions for new products and business fields generally involve new risks which may result, for example, from the pricing of products, changes in the business strategies of pre-service providers, or from fraudulent use. United Internet attempts to minimize these risks with the aid of detailed planning based on past experience and external market studies, and by using various partners/suppliers and continually expanding its anti-fraud measures.

Business development and innovations

A key success factor for United Internet is the development of new and constantly improved products and services in order to constantly raise the number of our customer contracts and strengthen customer retention. There is always a risk, however, that new developments might be launched too late on the market or not accepted by the target group. United Internet counters such risks by closely observing market trends and the competition as well as by undertaking product development which constantly responds to customer feedback.

Legal & political

Regulation

In the Access segment, the decisions of the German Federal Network Agency and Federal Cartel Office have an influence on the pricing of broadband internet access tariffs. Price increases of network providers from whom United Internet purchases pre-services for its own customers can have a negative impact on the profitability of tariffs. In the same way, there is also the possibility that a lack of regulation may lead to a deterioration of market circumstances for United Internet. United Internet attempts to counter this tendency toward an increasing regulation risk by cooperating with various pre-service providers and by actively participating in the activities of industry associations. With its complete takeover of Versatel on October 1, 2014, United Internet now also has its own network. This network infrastructure gives United Internet the possibility in future to also procure internally produced DSL pre-services.

Despite a falling tendency, there is still a risk that new data protection regulations in the EU and Germany may restrict the evaluation of so-called browser cookies. Such browser cookies enable information to be stored on the client’s computer, which is then transmitted to the server if the site is accessed again. Evaluation or accessing of information via such browser cookies is an integral part of online advertising. Any restriction of usage may mean that proprietary technical solutions can only be used under certain conditions. This may impede certain aspects of business in the Applications segment.

Data protection

United Internet stores the data of its customers on servers at its own and rented data centers. The handling of these data is subject to extensive legal regulations. The company is aware of this great responsibility and attaches great importance and care to data protection. At the same time, however, the possibility can never be excluded that data protection regulations are contravened due to human error or technical weaknesses. By using state-of-the-art technologies, continually monitoring all data-protection and other legal regulations, providing extensive staff training on data protection regulations, and involving data protection aspects and requirements as early as possible in product development, the company continually invests in improving the standard of its data security.

Personnel

If United Internet does not effectively manage the manpower resources of its national and international facilities, the company may not be able to run its business efficiently and successfully. It is therefore essential that human resources are effectively controlled so that the company can ensure its short- and long-term needs for staff and the requisite expertise.

The company specifically counters this risk with a number of measures. These include succession and manpower planning, outsourcing and temporary use of external resources.

Highly skilled employees form the basis for the economic success of United Internet. The competition for skilled and specialist technical and management personnel is intense, however. If we are not capable of attracting, developing and retaining managers and staff with specialist professional and technological knowledge, United Internet will not be able to effectively pursue its business and achieve its growth targets.

Despite these risks, the company regards itself as an attractive employer and is well placed to hire highly skilled specialists and managers with the potential to drive its business success in the future. The company also counters this risk by developing the skills of its staff and managers. Development activities, mentoring and coaching programs are offered, as well as special programs for high potentials, which are geared to the ongoing development of talent and especially leadership skills.

Further details on our human resources are provided under point 2.5 of this Management Report “Significant financial and non-financial performance indicators” under “Employees”.

Fraud

In order to meet the requirements of dynamic customer growth and provide services as quickly as possible in the interests of its customers, United Internet has largely automated its order and provision processes – as have many other companies in such mass market businesses. The nature of such automated processes provides possibilities for attacks from internet fraudsters. For example, United Internet may suffer damage from automated hosting and domain orders made under false names and not paid for.

The fraudulent use of SIM cards may also incur damage for United Internet due to large-scale call forwarding or roaming calls, for example.

United Internet attempts to prevent such fraud attacks – or at least to recognize and end them at a very early stage – by permanently expanding its fraud management capabilities, working closely with pre-service providers and taking account of such risks in the design of its products.

Provision of services

Threat potential of the internet

United Internet AG generates its commercial success largely within the environment of the internet. In order to provide products and services, the company uses information and telecommunication technologies (data centers, transmission systems, connection nodes etc.) in its business processes which are closely networked with the internet and whose availability may be endangered by threats from the internet. For example, there is a risk of DDoS attacks (DDoS = Distributed Denial of Service), which may lead to an overloading of technical systems and server downtime. In order to deal with such risks more quickly, the existing monitoring and alarm system, together with the necessary processes and documentation, is continually optimized.

There is also the risk of hacker attacks with the aim of stealing or deleting customer data or using services fraudulently. United Internet counters this risk with the aid of virus scanners, firewalling concepts, self-initiated tests and various technical monitoring mechanisms.

Over the past years there has been a steady increase in the amount of spam e-mails on the internet. There is a risk that spammer abuse the company's e-mail systems and that these are then blocked by other e-mail providers. In order to counter this risk, various precautions are taken to keep spam to a minimum. United Internet's active participation in cross-border working groups also enables it to play a role in the ongoing development of mail security standards.

The threat potential of the internet represents the largest threat group for United Internet with regard to its effects, which are all monitored by numerous technical and organizational measures. Of particular relevance in this respect are the operation and continuous improvement of a security management system and the steady enhancement of system resilience.

Complexity and possible manipulation of hardware and software used

United Internet's products and related business processes are based on a complex technical infrastructure and a number of success-critical software systems (servers, customer relationship databases and statistics systems etc.). Constantly adapting this infrastructure to changing customer needs leads to greater complexity and regular changes. In addition to major events like the migration of databases, this may lead to various disruptions or defects. Should this affect our business systems or their databases, for example, daily account debiting may be delayed or no longer possible. Should this affect our performance systems, for example, United Internet may not be able to provide its customers with the promised service, on a temporary or longer-term basis. The company meets these risks by making targeted adjustments to the architecture, introducing quality assurance measures, and establishing spatially separated (geo-redundant) core functionalities.

For the operation of systems, there is a risk of targeted attacks from inside and outside the company, e.g. from hackers or manipulation by staff with access rights, which may result in non-availability or a deterioration of services. In order to counter this risk, the company takes a wide variety of software- and hardware-based safety precautions to protect the infrastructure and its availability. By dividing responsibilities, the company has made sure that activities or business transactions involving risks are not carried out by single employees but on the basis of the “double-check principle”. Manual and technical access restrictions also ensure that employees may only operate within their particular area of responsibility. As an additional precautionary measure against data loss, all data are regularly backed up and stored in separate, i.e. geo-redundant, data centers.

Complexity in development

The growing demands placed on the development of the overall portfolio by the ever-increasing complexity and interoperability of the products offered necessitate a higher degree of coordination for the internal work processes of United Internet. The particular challenge is to ensure quality standards especially in view of fast-changing market events which require the maintenance of a usually high-performance and robust development component.

A further aspect in this context is the preservation and expansion of core skills within the company for the development of the product portfolio. In the case of time-critical projects, for example, the use of highly specialized service providers may lead to additional expenses and negative consequences – such as the delay of planned campaigns, or similar security vulnerabilities etc. – if these were temporarily unavailable.

The company minimizes these risks by continuously developing and enhancing its internal processes, pooling and retaining its experts and key personnel, and continuously improving the organizational structures of the development components. When selecting and controlling strategic outsourcing partners, care is taken to ensure that their reliability and expertise is proven in accordance with international criteria and no partnerships are formed for critical business areas which could not be maintained without delay by skilled staff within the company.

Additional disclosures on risks, financial instruments and financial risk management

The main financial liabilities incurred by the parent company United Internet AG for the financing of its activities include bank loans, overdraft facilities and other financial liabilities.

United Internet holds various financial assets which result directly from its business activities. They consist mainly of shares in affiliated companies and investments, as well as receivables from affiliated companies. As of the balance sheet date, the company mainly held primary financial instruments.

The aim of financial risk management is to limit risks through ongoing operating and financial activities. The company is hereby exposed to certain risks with regard to its assets, liabilities and planned transactions, especially liquidity risks and financial market risks, as described below.

Liquidity

The general liquidity risk of United Internet consists of the possibility that the company may not be able to meet its financial obligations, such as the redemption of financial debts. The company's objective is to continually cover its financial needs and secure flexibility, for example by using overdraft facilities and loans.

Our group-wide cash requirements and surpluses are managed centrally by our cash management system. By netting these cash requirements and surpluses within the Group, we can minimize the amount of external bank transactions. Netting is managed via our cash pooling process. The company has established standardized processes and systems to manage its bank accounts and internal netting accounts as well as for the execution of automated payment transactions.

In addition to operating liquidity, United Internet also holds other liquidity reserves, available at short notice. These liquidity reserves consist of syndicated credit lines with varying terms.

The strong expansion of business over the past few years has increased the company's exposure to possible credit default. Despite the increased possibility of occurrence, the effects on United Internet's liquidity are classified as very low. The company still has no significant concentration of liquidity risks.

Financial covenants

The company's existing credit lines are tied to so-called financial covenants. An infringement of these covenants may cause the lender to terminate the financial arrangement and demand immediate repayment of the amounts drawn. The covenants contained in the loan agreements of United Internet require the company to maintain a specified net financial debt-to-EBITDA ratio and a specified EBITDA-to-interest ratio. These ratios are used to calculate the relative burden which the financial liabilities (e.g. from interest payments) place on the company. In view of the far superior ratios of United Internet at present, the probability of infringement is regarded as low. Compliance with the covenants is regularly monitored by the company's Management Board.

Financial market

The activities of United Internet AG are exposed in particular to financial risks from changes in interest rates, exchange rates and stock exchange prices.

- **Interest**

  The company is fundamentally exposed to interest risks as the major share of its borrowing bears variable interest rates with varying terms.

  As part of its liquidity planning, the company constantly monitors the various investment possibilities and debt conditions. Any borrowing requirements are met by using suitable instruments to manage liquidity. Surplus cash is invested on the money market to achieve the best possible return. Due to developments on the global finance markets, the interest risk remained largely unchanged.

  Market interest rate changes might have an adverse effect on the interest result and are included in our calculation of sensitive factors affecting earnings. In order to present market risks, United Internet has developed a sensitivity analysis which shows the impact of hypothetical changes to relevant risk variables on pre-tax earnings. The reporting period effects are illustrated by applying these hypothetical changes in risk variables to the stock of financial instruments as of the balance sheet date.

- **Currency**

  United Internet's currency risk mainly results from its operations (if revenue and/or expenses are in a currency other than the Group's functional currency) and its net investments in foreign subsidiaries. As revenues and expenses are mostly generated or incurred in the eurozone, there were no material foreign exchange risks with an impact on cash flow in the reporting period.

- **Stock exchange prices (valuation risk)**

  A stock exchange risk mainly results from investments in listed companies. These investments are carried at cost in the separate financial statements of the parent company and at fair value in the consolidated financial statements. Should the (proportional) stock exchange value of an investment permanently lie below its acquisition cost, the company recognizes an impairment of the financial instrument in the income statement of its separate financial statements. Changes in fair value assessments are recognized in the income statement of the consolidated financial statements.

Capital management

In addition to the legal provisions for stock corporations, the company has no further obligations to maintain capital according to its statutes or other agreements. The key financial indicators used by the company are mainly performance-oriented (sales, EBITDA, EBIT, EPS). The targets, methods and processes of capital management are thus subordinate to these performance-oriented financial indicators.

In order to maintain and adapt its capital structure, the company can adjust dividend payments or pay capital back to its shareholders, purchase treasury shares and where necessary place them again or issue new shares. As of December 31, 2014 and December 31, 2013, no changes were made to the company's targets, methods and processes.

Management Board’s overall assessment of the Group’s risk position

The assessment of the overall level of risk is based on a consolidated view of all significant risk fields and individual risks, also taking account of their interdependencies.

From the current perspective, the main challenges focus on the areas of “Potential threats via the internet”, “Complexity and possible manipulation of the hardware and software used”, “Political and legal risks”, as well as risks from the areas “Market” and “Fraud”.

The continuous expansion of its risk management system enables United Internet to limit such risks to a minimum, where sensible, by implementing specific measures.

There were no risks which directly jeopardized the continued existence of the United Internet Group in the fiscal year 2014 nor at the time of preparing this Management Report, neither from individual risk positions nor from the overall risk situation.

Probability of occurrence / possible impact of company risks

	Probability of occurrence	Possible impact
Risks in the field of strategy		
Internationalization	Low (2013: Hoch)	High (2013: High)
Risks in the field of market		
Competition	Low (2013: High)	High (2013: High)
Business development and innovations	Low (2013: Low)	High (2013: High)
Risks in the field of law & politics		
Regulation	High (2013: High)	High (2013: Very high)
Data protection	Very low (2013: Very low)	High (2013: High)
Risks in the field of personnel		
Employees	Low (2013: Very low)	Low (2013: Low)
Risks in the field of fraud		
Fraud	Low (2013: High)	Low (2013: Low)
Risks in the field of service provision		
Threat potential of the internet	Low (2013: Low)	Very high (2013: Extremely high)
Complexity / possible manipulation of hardware and software	Low (2013: High)	High (2013: High)
Complexity in development	Low (2013: Low)	High (2013: High)
Risks in the field of financial instruments and financial risk management		
Liquidity	Low (2013: Very low)	Very low (2013: Very low)
Financial covenants	Very low (2013: Very low)	Very low (2013: Very low)
Financial market	Low (2013: Low)	High (2013: High)
Capital management	Very low (2013: Very low)	Very low (2013: Very low)

Assessment categories of company risks in ascending order

Probability of occurrence	Possible impact
Very low	Very low
Low	Low
High	High
Very high	Very high
	Extremely high

4.2 Opportunity report

Opportunity management

Opportunity management is based on strategic planning and the resulting measures for the development of products and their positioning for various target groups, markets and countries during the product life cycle. The Group Management Board, as well as the operative management level of the respective business segments in the form of Divisional Managers and Managing Directors, have the direct responsibility for the early and continual identification, assessment, and steering of opportunities. The management team of United Internet AG makes extensive use of detailed evaluations, models and scenarios on current and future trends regarding sectors, technologies, products, markets/market potential and competitors in the Group's fields of activity. The potential opportunities identified during these strategic analyses are then examined with regard to the critical success factors and existing external conditions and possibilities of United Internet AG in planning discussions between the Management Board, Supervisory Board and operational managers before being implemented in the form of specific measures, targets and milestones. The progress and success of these measures is continually monitored by operational management and the Managing Directors and Management Board members of the respective companies.

Opportunities for United Internet

United Internet's stable and largely non-cyclical business model ensures predictable revenues and cash flows, thus providing the financial flexibility to grasp opportunities in new business fields and markets – organically or via investments and acquisitions.

Broad strategic positioning in growth markets

In view of its broad positioning in current growth markets, the company's purely strategic growth opportunities are clearly apparent: universally accessible, permanently available and increasingly powerful broadband connections are enabling new and more sophisticated cloud applications. From the current perspective, these internet-based programs for home users, freelancers and small companies are likely to be United Internet's growth drivers over the coming years – both as stand-alone products in the Applications segment as well as in combination with fixed-line and mobile access products in our Access segment.

Participation in market growth

Despite the uncertain macroeconomic conditions, United Internet – as well as many of the sector's leading analysts – expects further progress in those markets of importance to the company. United Internet is one of the leading players in these markets. At home and abroad. With its highly competitive Access products, its growing portfolio of cloud applications, its strong and specialized brands, its high sales strength, and already established business relationships with millions of private and business customers (cross-selling and up-selling potential), United Internet is also well positioned to participate in the expected market growth of both its business segments.

Expansion of market positions

United Internet AG is now one of the market leaders in many of its business fields. Based on its existing technological know-how, its high level of product and service quality, the widespread popularity of Group brands such as 1&1, GMX, WEB.DE, united-domains, InterNetX and Fasthosts, its business relationships with millions of private and business customers, and its high customer retention ratio, United Internet sees good opportunities to build on its current market shares.

Entry into new business fields

One of United Internet's core competencies is to recognize customer wishes, trends and thus new markets at an early stage. With its broadly based value chain (from product development and data center operation, to effective marketing, powerful sales organization and active customer support), United Internet is often faster at placing innovations on the market and – thanks to the high level of cash generation in its existing business fields – capable of providing them with strong marketing support.

When new opportunities appear on the horizon, such as De-Mail, United Internet is well prepared and also capable of financing many years of cost-intensive preparation thanks to its strong cash generation in existing business fields. With a market share of some 50% of all German e-mail users, the company is excellently placed to participate in the digital, legally secure post business (especially from “postal charges” and “ad mailings”).

Own infrastructure

With the complete takeover of Versatel on October 1, 2014, United Internet now also has its own network. With a length of around 39,000 km, it is Germany’s second-largest fiber-optic network. With its own network infrastructure, United Internet also has the opportunity to source internally produced DSL pre-services in the future.

In addition, having its own network also offers United Internet the opportunity to use the Versatel brand to enter the B2B data and infrastructure business with SMEs and large corporations. This scale of this opportunity is underlined by the fast-growing data consumption of private users and companies (according to Dialog Consult / VATM figures: +27.8% data volume consumption per connection and month in 2014) and the considerable pent-up demand for direct fiber-optic connections in Germany. According to an OECD survey of June 2014, only 1.1% of all broadband connections in Germany are fiber-optic connections. Germany thus lags well behind in 29th place among the 34 OECD countries.

Internationalization

Cloud applications can be used anywhere in the world and work on the same principle in Frankfurt as they do in London, Rome or New York. In the past, United Internet has already successfully adapted cloud products – such as 1&1 MyWebsite – to various languages and country-specific features and gradually rolled them out in different nations.

Thanks to the high degree of exportability which these products offer, United Internet is already active in its Applications segment in numerous European countries (Germany, Austria, Switzerland, the UK, France, Spain, Italy and Poland), as well as in North America (USA, Canada and Mexico). Further countries and product roll-outs will gradually follow.

Acquisitions and investments

In addition to organic growth, United Internet also constantly examines the possibility of company acquisitions and strategic investments. Thanks to its high and plannable level of free cash flow, United Internet also has a strong source of internal funding and good access to debt financing markets in order to utilize opportunities in the form of acquisitions and investments.

United Internet has enhanced its market standing in Germany and abroad, for example, by making several acquisitions and strategic investments while gaining considerable expertise in the field of mergers and acquisitions (M&A) and company integration. The most important M&A activities of recent years include the acquisition of WEB.DE's portal business (in 2005), the acquisitions of Fasthosts (2006) and united-domains (2008), the acquisition of freenet's DSL business (2009) and the acquisitions of mail.com (2010), Arsys (2013) and Versatel (2014). The most important strategic investments include the investments in Virtual Minds (2008), ProfitBricks (2010), Open-Xchange (2013), ePages (2014), uberall (2014) and Rocket Internet (2014).

4.3 Forecast report

Expectations for the economy

In its global economic outlook published in January 2015, the International Monetary Fund (IMF) updated its forecasts for the development of the global economies in 2015 and 2016.

Despite low oil prices and the economic upturn in the USA, the global economy is expected to grow more slowly in 2015 and 2016 than previously predicted. The IMF states a number of negative influences as the reason for this trend:

- Further low capital spending in many industrialized and emerging economies
- Stagnation and low inflation in Japan and the eurozone
- Economic crisis in Russia due to the low oil price, the devaluation of the rouble and the Ukraine conflict
- Slower growth in China

In view of the downgraded prospects, the IMF advocates strengthening growth drivers and has called upon the industrialized countries, first and foremost, to invest more in infrastructure projects, such as roads, bridges and utility networks. Moreover, monetary policy should be used to bolster the economy of many economic regions, also by unconventional means.

Specifically, the IMF predicts that the **global economy** will grow by 3.5% in 2015 and 3.7% in 2016 – following growth of 3.3% in 2014. This represents a downgrade of 0.3 percentage points for both years compared to the October 2014 forecast.

The latest IMF forecasts paint a varied picture for United Internet's target markets in North America (the USA, Canada and Mexico). The **US** economy is expected to grow by 3.6% in 2015 and 3.3% in 2016 – following growth of 2.4% in 2014. The IMF has thus strongly upgraded its previous forecasts by 0.5 and 0.3 percentage points, respectively. Growth in **Canada** is likely to be a little slower than the 2.4% achieved in 2014, with a reduced forecast of 2.3% and 2.1% for 2015 and 2016 (0.1 and 0.3 percentage points less than before). And following growth of 2.1% in 2014, the economy in **Mexico** is expected to grow by 3.2% in 2015 and 3.5% in 2016 – 0.3 percentage points less than previously forecast for both years.

The IMF anticipates growth in the **eurozone** to reach 1.2% and 1.4% in 2015 and 2016, respectively – compared to 0.8% in 2014. Although the IMF sees further signs of recovery in the eurozone, it has downgraded its previous forecasts by 0.2 and 0.3 percentage points, respectively.

The IMF expects diverging economic trends in United Internet's main European markets (France, Spain, Italy and the non-euro country UK). In **France**, the IMF expects growth of 0.4% in 2014 to be followed by an improvement in economic output of 0.9% in 2015 and 1.3% in 2016 (and thus 0.1 and 0.2 percentage points less than before). Following growth of 1.4% in 2014, **Spain** is expected to achieve growth of 2.0% and 1.8% in 2015 and 2016 (and thus 0.3 and 0.0 percentage points more than previously forecast). The economic trend is likely to be much less dynamic in **Italy**: following a recession of 0.4% in 2014, the IMF now expects growth of 0.4% in 2015 and 0.8% in 2016. This represents a downgrade of 0.5 percentage points. After growing by 2.6% in 2014, the IMF forecasts further growth for the **UK** in 2015 and 2016 of 2.7% and 2.4%, respectively. This is more or less in line with previous forecasts.

For United Internet's most important market, **Germany**, the IMF forecasts economic growth of 1.3% in 2015 and 1.5% in 2016, following on from 1.5% in 2014. These forecasts are 0.2 and 0.3 percentage points less than previously announced.

Market forecast: GDP development of most important economies for United Internet

	2016e	2015e	2014
World	3.7%	3.5%	3.3%
USA	3.3%	3.6%	2.4%
Canada	2.1%	2.3%	2.4%
Mexico	3.5%	3.2%	2.1%
Eurozone	1.4%	1.2%	0.8%
France	1.3%	0.9%	0.4%
Spain	1.8%	2.0%	1.4%
Italy	0.8%	0.4%	- 0.4%
UK	2.4%	2.7%	2.6%
Germany	1.5%	1.3%	1.5%

Source: International Monetary Fund, World Economic Outlook (Update), January 2015

Market / sector expectations

Further international and national growth is forecast for the IT and telecommunications industry (ICT) in 2015. According to the German industry association BITKOM, the global ICT market will grow by 3.8% to € 2.89 trillion in 2015. BITKOM expects the ICT market in the EU to grow by 0.3% in 2015.

The total market for IT, telecommunications and digital entertainment electronics in Germany is expected to grow by 1.4% to € 155.5 billion in 2015.

Within the overall market, the IT sector is set to enjoy the strongest growth of 3.2% to € 80.3 billion. The strongest growth is expected in the software market, which is expected to grow by 5.7% to € 20.2 billion. Business with IT services, including IT consulting and project business, is expected to grow by 3.0% to € 37.3 billion. Sales of IT hardware are likely to increase by 1.3% to € 22.8 billion. Following their recent strong sales growth of 15.7%, however, sales of desktop and notebook PCs are expected to decline in 2015 (-7.3% to € 5.9 billion). In the case of tablet computers, sales are expected to grow by 7.8% to € 2.4 billion – following a decline of -5.3% in the previous year.

After two years of declining sales, BITKOM forecasts slight growth of 0.2% to € 65.4 billion for the telecommunications market. The strongest growth is expected in the field of infrastructure systems, where sales are likely to grow by 3.6% to € 6.5 billion. Sales growth for end-user devices will be weaker at just 1.0% to € 9.5 billion. One reason for this is that smartphones sales are expected to grow by just 2.4% – less than half the growth rate achieved in 2014. Sales of fixed-line and mobile services are expected to decline once again by a total of 0.5% to € 49.3 billion.

The decline in sales of consumer electronics products is expected to continue – albeit at a slower pace. BITKOM expects a fall in sales of -2.9% to € 9.9 billion in 2015.

Market forecast: development of ICT market segments in Germany
(in € billion)

	2015e	2014	Change
Total ICT market	155.5	153.3	+ 1.4%
thereof IT sub-market	80.3	77.8	+ 3.2%
thereof telecommunications sub-market	65.4	65.3	+ 0.2%
thereof consumer electronics sub-market	9.9	10.2	- 2.9%

Source: BITKOM

All in all, Germany’s high-tech companies are very upbeat about their prospects in the coming months. 79% of IT and telecommunications companies surveyed expect rising sales in the first half of 2015 and only 7% of companies expect poorer sales figures. These were the findings of the latest economic survey of the German ICT industry conducted by high-tech industry association BITKOM in late January 2015. The companies are also positive about 2015 as a whole: 85% of ICT companies expect rising sales and only 4% expect a decline in business.

Of particular importance to United Internet are the German broadband and mobile internet market in its subscription-financed Access segment and the global cloud computing market and German online advertising market in its subscription- and ad-financed Applications segment.

German broadband market

In view of the comparatively high level of household coverage of over 80% already achieved and the trend toward mobile internet, experts continue to forecast only moderate growth for the German broadband market (fixed line-based).

According to the survey “German Entertainment and Media Outlook 2014-2018” (December 2014), PricewaterhouseCoopers expects sales of fixed-line broadband connections to increase by just 1.6% to € 7.86 billion in 2015.

Market forecast: broadband access (fixed-line) in Germany
(in € billion)

	2015e	2014	Change
Sales	7.86	7.74	+ 1.6%

Source: PricewaterhouseCoopers

Mobile internet market in Germany

All experts continue to predict dynamic growth for the mobile internet market, however. Following market growth of 5.4% to € 9.7 billion in 2014, BITKOM also expects mobile data services to grow by 6.2% to € 10.3 billion in 2015.

This growth will be driven above all by favorable – and thus for the consumer attractive – prices, as well as by the boom in smartphones and tablet PCs and the respective applications (or apps). Despite the high level of market saturation, BITKOM forecasts further growth of 4.2% to a total of 24.6 million sold smartphones in 2015 (following 23.6 million in 2014).

Market forecast: mobile internet access (cellular) in Germany
(in € billion)

	2015e	2014	Change
Sales	10.3	9.7	+ 6.2%

Source: BITKOM / European Information Technology Observatory (EITO)

Cloud computing market

In an update of its study “Forecast Overview: Public Cloud Services, Worldwide” (November 2014) Gartner forecasts global growth for public cloud services of 16.9%, from USD 152.8 billion to USD 178.6 billion in 2014.

Market forecast: global cloud computing
(in $ billion)

	2015e	2014	Change
Global sales of public cloud services	178.6	152.8	+ 16.9%
thereof business process services (BPaaS)	40.7	37.0	+ 10.0%
thereof application services (SaaS)	32.5	26.7	+ 21.7%
thereof application infrastructure services (PaaS)	4.2	3.3	+ 27.3%
thereof system infrastructure services (IaaS)	17.0	12.5	+ 36.0%
thereof management and security services	5.5	4.4	+ 25.0%
thereof cloud advertising	78.8	68.9	+ 14.4%

Source: Gartner

Online advertising market in Germany

Advertisers continued to display a strong willingness to invest in online advertising activities in 2014.

Experts also forecast further growth in 2015. In its study “German Entertainment and Media Outlook 2014–2018” (December 2014), PricewaterhouseCoopers expects an increase of 7.0% to € 5.93 billion. Strong growth is expected once again for mobile online advertising and video advertising with increases of 33.3% and 22.2%, respectively.

Market forecast: online advertising in Germany
(in € billion)

	2015e	2014	Change
Online advertising revenues	5.93	5.54	+ 7.0%
thereof search marketing	2.79	2.64	+ 5.7%
thereof display advertising	1.45	1.40	+ 3.6%
thereof affiliate / classifieds	0.97	0.94	+ 3.2%
thereof mobile online advertising	0.40	0.30	+ 33.3%
thereof video advertising	0.33	0.27	+ 22.2%

Source: PricewaterhouseCoopers

Expectations for the company

Focus areas in fiscal year 2015

United Internet AG will maintain its policy of sustainable growth in the future and continue to invest in new customers, in new products and business fields, as well as in its continued internationalization.

In view of its product strategy based on transparency and flexibility, with innovative products offering excellent value for money, United Internet believes it is well positioned in its **Access segment**. In the fiscal year 2015, contract and revenue growth for consumer products is likely to result once again from the marketing of DSL connections and Mobile Internet products. The main focus will be on the further expansion of V-DSL coverage, the use of the new transmission technology "vectoring" (with speeds up to 100 Mbit/s), and the launch of an IPTV products. In the field of Business solutions under the Versatel brand, the focus will lie on voice, data and network solutions for small and medium-sized companies, as well as infrastructure services for large corporations.

With its strong and specialized brands, a steadily growing portfolio of cloud applications, and existing relations with millions of small businesses, freelancers and private users, United Internet is also well positioned in its **Applications segment** to utilize the opportunities offered by cloud computing. In the case of Consumer Applications, the main focus in 2015 will continue to be on secure e-mail communication. A further expansion of the "E-Mail made in Germany" initiative launched in August 2013 in cooperation with Deutsche Telekom is also targeted. In the field of Business Applications, further penetration of the current target markets is planned. The main focus here will be placed on expanding business with existing customers through sales of additional products, such as new top-level domains or marketing tools like 1&1 List Local, and gaining new high-quality customer relationships, e.g. via our De-Mail business or the new 1&1 Cloud Server.

In addition to organic growth, United Internet continuously examines the possibility of company acquisitions, investments and alliances. Thanks to its high and plannable level of cash flow, United Internet has a strong source of internal funding and good access to debt financing markets in order to finance its future growth – whether organic or via acquisitions and investments.

Forecast for fiscal year 2015

Specifically, United Internet expects that the number of fee-based customer contracts will grow by approx. 0.8 million contracts from a level of 14.78 million as of December 31, 2014.

Consolidated sales in fiscal year 2015 are likely to grow by approx. 20% (2014: € 3.065 billion).

EBITDA is expected to rise by approx. 40% (2014 without one-off income: € 551.5 million).

Due to its role as a holding company, the earnings of United Internet AG at parent company level are mainly influenced by its investment result. The key drivers of this result are the profit transfer agreements with the subsidiaries 1&1 Internet AG, 1&1 Telecommunication AG and United Internet Ventures AG. The above statements on the Group's earnings therefore also apply qualitatively for United Internet AG itself.

United Internet AG plans to maintain its shareholder-friendly dividend policy based on continuity in the coming years. Dividend payouts will continue to represent 20-40% of adjusted net income in the future (unless funds are required for further company development).

Management Board's overall statement on the anticipated development

The Management Board of United Internet AG is upbeat about its prospects for the future. Thanks to a business model based predominantly on electronic subscriptions, United Internet believes it is stable enough to withstand cyclical influences.

And with the investments made over the past few years in customer relationships, new business fields and internationalization, as well as via acquisitions and investments, the company has laid a broad foundation for its planned future growth.

United Internet will continue to pursue this sustainable business policy in the coming years.

In the case of Access products, marketing and sales activities will focus mainly on Mobile Internet products in fiscal year 2015. In this business, the market shares in Germany are currently being allocated. United Internet aims to participate in the current market growth and achieve above-average growth. United Internet also plans to leverage the strong positioning of its DSL products to attract new customers. In addition, the company's business with Access solutions for business clients is to be expanded under the Versatel brand.

In addition to the German access market, international business with cloud applications also promises strong potential for the medium- and long-term growth of the company. In the case of Consumer Applications, the company will continue to focus on secure e-mail communication. In the field of Business Applications, the main emphasis will be placed once again on expanding business with existing customers and gaining new high-quality customer relationships. The internet organization ICANN is planning to gradually introduce around 700 new top-level domains (nTLDs) up to the end of 2016. The first new domain endings have been available since the beginning of 2014. By offering such nTLDs, United Internet has accessed new revenue streams for the future. With new products such as 1&1 Cloud Server and the De-Mail business, the Management Board believes the company is well placed to participate in the expected market growth.

Following a successful start to the year (at the time of preparing this Management Report), the company's Management Board believes that the company is on track to reach its forecasts for the full year 2015 – as presented in the table below.

Full-year 2015 forecast for United Internet AG

	Forecast 2015	12/2014[1]
Fee-based customer contracts	+ approx. 0.8 million	14.78 million
Sales	+ approx. 20%	€ 3.065 billion
EBITDA	+ approx. 40%	€ 551.5 million

[1] As of Dec. 31, 2014 without one-off income from Versatel acquisition and portfolio optimization

The Management Board also expects strong growth in the financial performance indicators EBIT and EPS in fiscal 2015 compared to the respective prior-year figures adjusted for one-off income from the Versatel acquisition and portfolio optimizations.

Forward-looking statements

This Management Report contains forward-looking statements based on current expectations, assumptions, and projections of the Management Board of United Internet AG and currently available information. These forward-looking statements are subject to various risks and uncertainties and are based upon expectations, assumptions, and projections that may not prove to be accurate. United Internet AG does not guarantee that these forward-looking statements will prove to be accurate and does not accept any obligation, nor have the intention, to adjust or update the forward-looking statements contained in this report.

5 Accounting-related internal control and risk management system

In accordance with Sec. 289 (5) and Sec. 315 (2) No. 5 German Commercial Code (HGB), United Internet AG is obliged to describe the main features of its accounting-related internal control and risk management system in its Management Report.

United Internet AG regards risk management as part of its internal control system (ICS). The ICS is understood as an ongoing process comprising organizational, controlling and monitoring structures to ensure permanent compliance with legal and corporate requirements. United Internet's ICS is also based on the internationally recognized controlling models of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Management Board of United Internet AG is responsible for the scope and structure of its ICS and takes account of the company's specific requirements. The monitoring of the ICS's effectiveness is one of the duties of the Supervisory Board of United Internet AG, which is regularly informed by the Management Board about the status of the ICS and the findings of the company's Internal Audit system. Within the United Internet Group, the Internal Audit division is responsible for independently auditing the appropriateness, effectiveness and functionality of the ICS and has been granted extensive rights with regard to information, examination and access in order to exercise its duties. Its audits are based on a risk-oriented audit plan which may also include regular audits of domestic and foreign subsidiaries. In addition, Internal Audit conducts fundamental audits regarding the proper functioning of important asset and inventory stock-taking. In addition, those areas of ICS of relevance for financial reporting are audited with regard to efficiency by the external auditors as part of their risk-oriented audit approach.

The accounting-related ICS is continually being developed and comprises principles, procedures and measures to secure the effectiveness, economic efficiency and compliance of the accounting system and to ensure that the relevant laws and standards are observed. During preparation of the consolidated financial statements, the ICS is used in particular to ensure the application of International Financial Reporting Standards (IFRS), as endorsed by the European Union, and the additional provisions under commercial law pursuant to Sec. 315a of the German Commercial Code (HGB). When preparing the annual financial statements and management report, the ICS also helps ensure that regulations under commercial law are observed.

However, a fundamental aspect of every ICS, irrespective of its particular design, is that it cannot provide absolute safety that material misstatements in accounting are avoided or detected. This may be due, for example, to incorrect discretionary decisions of individuals, faulty controls or criminal acts.

The following statements refer solely to the fully consolidated subsidiaries included in the annual financial statements of United Internet AG, for which United Internet AG has the direct or indirect possibility of determining their financial and monetary policy in order to derive a benefit from the activity of these companies.

United Internet AG regards risk management as the total of all measures designed to detect and assess risks, reduce them to an acceptable level, and monitor recognized risks. A risk management system requires organized action to deal suitably with uncertainty and threats and urges employees to utilize the regulations and instruments required to ensure compliance with the risk management principles. In addition to operative risk management, it also includes the systematic early recognition, management and monitoring of risks. The accounting-related risk management system focuses on the risk of false statements in accounting and external reporting.

Specific accounting-related risks may arise, for example, from the conclusion of unusual or complex transactions. Business transactions which cannot be processed in a routine manner are also exposed to latent risks. It is necessary to grant a limited circle of people certain scope for discretion in the recognition and measurement of assets and liabilities, which may result in further accounting-related risks.

The accounting-related ICS comprises internal controls, defined on the basis of risk aspects, for those processes which are relevant for financial reporting as well as those processes that support the IT systems. Special emphasis is placed on IT security, change management and operational IT processes. Organizational, preventive and detective controls are applied, which can be conducted manually or with the aid of IT. The effectiveness and efficiency of the accounting-related ICS requires highly developed employee skills. Regular training, the “four-eye principle” and the functional separation of administrative, executive and approval processes are indispensable for United Internet. The Corporate Accounting division is responsible for the management of the accounting processes. Laws, accounting standards and other pronouncements are continuously analyzed with regard to their relevance and impact on accounting. The Group companies are responsible for the orderly and timely execution of the accounting-related processes and systems and are supported by the Corporate Accounting division accordingly.

If significant control weaknesses or opportunities for improvement are detected, they are assessed and countermeasures are developed with the persons responsible to improve the effectiveness of the ICS. Implementation of the measures is monitored by Internal Audit and may be the subject of subsequent audits. In order to ensure the high quality of the accounting-related ICS, Internal Audit is closely involved during all stages.

6 Disclosures required by takeover law

The following disclosures according to Secs. 289 (4) and 315 (4) German Commercial Code (HGB) represent conditions as of the balance sheet date. As required by Sec. 176 (1) Sentence 1 AktG, the disclosures are explained in the sections below.

Composition of capital

The subscribed capital of United Internet AG as of December 31, 2014 amounts to € 205,000,000 divided into 205,000,000 no-par value, registered shares. Each share entitles the owner to one vote. There are no other share categories. In the case of a capital increase, the commencement of dividend entitlement for new shares may be determined separately from the moment of contribution.

Limitations affecting voting rights or the transfer of shares

There are legal limitations affecting voting rights of certain shares pursuant to Sec. 71b AktG and Sec. 71d S. 4 in conjunction with Sec. 71b AktG. At the end of the reporting period, United Internet holds 1,232,338 shares representing 0.60% of capital stock.

There are also legal limitations affecting voting rights regarding a conflict of interests pursuant to Sec. 136 (1) AktG for shares held by the Management Board and Supervisory Board .

Among the members of the Management Board, Mr. Ralph Dommermuth holds 82,000,000 shares (40.00% of capital stock) as of December 31, 2014. Moreover, Mr. Norbert Lang holds 453,833 shares (0.22% of capital stock), Mr. Robert Hoffmann holds 75,000 shares (0.04% of capital stock), and Mr. Jan Oetjen holds 3,994 shares (0.00% of capital stock).

Among the members of the Supervisory Board, Mr. Michael Scheeren holds 300,000 shares (0.15% of capital stock) at the end of the reporting period.

There are no limitations affecting the transfer of shares.

Direct and indirect participations in capital with over 10% of voting rights

The company’s CEO, Mr. Ralph Dommermuth, owns 82,000,000 shares or 40.00% of the 205,000,000 shares in United Internet AG as of December 31, 2014. The Management Board is not aware of further participations in capital exceeding 10% of voting rights.

Special rights

Mr. Ralph Dommermuth is personally entitled to nominate a member of the Supervisory Board. This right is exercised by naming a person for the Supervisory Board to the company's Management Board. The nomination becomes effective as soon as the nominated person declares his acceptance of the Supervisory Board seat to the Management Board. A requirement for the aforementioned nomination right is that Mr. Ralph Dommermuth holds shares himself or via companies affiliated with him pursuant to Sec. 15 ff. German Stock Corporation Law (AktG) representing at least 25% of the company's voting capital and can prove as much to the Management Board on nomination of the Supervisory Board member by providing depository account statements or similar documents. Mr. Dommermuth has so far not made use of this nomination right. The Management Board is not aware of any further shares with special rights.

Appointment and dismissal of Management Board members, amendments to company articles

The appointment and dismissal of Management Board members is determined by Secs. 84, 85 AktG in conjunction with section 1 of the rules of procedure for the Supervisory Board. According to Sec. 6 (1) of the company's articles, the Management Board consists of at least one person. The Supervisory Board appoints and dismisses the members of the Management Board, determines their number and can appoint one member of the Management Board as Chairman.

Each amendment of the company's articles requires the adoption of a shareholders' meeting resolution with a majority of at least three quarters of capital represented at the vote. Pursuant to Sec. 22 of the company's articles in conjunction with Sec. 179 (1) Sentence 2 AktG (Changes in capital stock and number of shares), the Supervisory Board is authorized to make amendments to the company's articles insofar as they only concern formulation.

Powers of the Management Board to issue shares

The Management Board is entitled to issue new shares under the following circumstances:

The Management Board is authorized, subject to approval by the company's Supervisory Board, to increase the company's capital stock on one or more occasions before May 26, 2016 by a total of € 101,500,000.00 (following the capital increase of € 11,000,000.00 in September 2014) by issuing new no-par shares for cash and/or non-cash contributions (Authorized Capital 2011). The Management Board is also authorized, in certain cases stated in Sec. 5.4 of the company's articles, to exclude the statutory right of shareholders to subscribe to new shares. This applies in particular in the case of fractional amounts and when granting subscription rights for new shares to bearers of warrants, convertible bonds or warrant bonds. The Management Board is also authorized, subject to the approval of the Supervisory Board, to restrict subscription rights in the case that the issue price of the new shares is not substantially lower than the quoted market price and the issued shares do not exceed in total 10% of capital stock.

The Management Board is authorized, subject to the approval of the Supervisory Board, to exclude subscription rights in the case of a capital increase in return for non-cash contributions, especially in connection with the acquisition of companies, investments or assets.

Capital stock has been conditionally increased by up to a further € 30,000,000.00, divided into 30,000,000 no-par shares (Conditional Capital 2014). The conditional capital increase is earmarked for shares to be granted to bearers or holders of warrant or convertible bonds, which the shareholders' meeting on May 22, 2014 authorized the company or a subordinated Group company to issue in the period ending May 21, 2019, providing the issue is in return for cash and no cash settlement is granted or the warrant or convertible bonds are serviced from the stock of treasury shares or approved capital.

Powers of the Management Board to buy back shares

The authorization of the Annual Shareholders' Meeting granted on May 23, 2013 and originally limited until November 22, 2014 to acquire, sell or cancel treasury shares was cancelled by the Annual Shareholders' Meeting of May 22, 2014 on expiration of May 22, 2014 with a future effect.

In accordance with Sec. 71 (1) No. 8 AktG, the Annual Shareholders' Meeting of May 22, 2014 at the same time authorized the Management Board to acquire, sell or cancel treasury shares of up to ten percent of its capital stock in the period directly following the expired authorization and ending on September 22, 2017.

The authorization may be exercised by the company wholly or in installments, once or several times for the pursuit of one or more purposes; it can, however, also be exercised by dependent or majority-owned corporations of the company or by third parties for the company's or their own account. The authorization may not be used for the purposes of trading with company shares.

United Internet shares may be purchased in all legally permissible manners, especially via the stock exchange and/or by means of a public bid. In the case of a purchase via the stock exchange, the price for the acquisition of United Internet shares (excluding transaction costs) may not be more than ten percent lower or higher than the stock market price.

The price for the purchase of United Internet shares by means of bids can be settled by a cash payment or by transfer of shares in a listed company pursuant to Sec. 3 (2) AktG ("exchange shares").

The Management Board is authorized, subject to the approval of the Supervisory Board, to use these and previously acquired shares for all legally permissible purposes, in particular a sale of treasury shares other than via the stock exchange or by offering to all shareholders or for cash compensation. The authorization to sell for cash contribution is reduced by that proportion of capital stock attributable to shares excluded from subscription rights in direct or corresponding application of Sec. 186 (3) Sentence 4 AktG.

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

The Management Board is further authorized to use the acquired treasury shares, subject to the approval of the Supervisory Board, to fulfill conversion and warrant rights or conversion obligations.

The Management Board is also authorized to retire and cancel acquired treasury shares in full or in part, subject to the approval of the Supervisory Board, without any further resolution of the Annual Shareholders' Meeting.

The right of shareholders to subscribe to treasury shares shall be excluded to the extent that these shares are used in accordance with the aforementioned authorizations.

7 Description of company management / Corporate Governance Report

As a German public company listed on the stock exchange, the management of United Internet AG is primarily determined by the German Stock Corporation Act (AktG) and the rules set forth in the currently valid version of the German Corporate Governance Code.

The term Corporate Governance stands for responsible corporate management and control geared to long-term value creation. Efficient cooperation between Management Board and Supervisory Board, respect for stockholder interests, openness and transparency of corporate communications are key aspects of good corporate governance.

The Management Board and Supervisory Board of United Internet AG regard it as their duty to secure the company's continued existence and sustainable value creation through responsible corporate governance focused on the long term.

The following report contains the "Description of company management" in accordance with Sec. 289a HGB and the "Corporate Governance Report" of the Management Board and Supervisory Board pursuant to Section 3.10 of the German Corporate Governance Code.

Management and corporate structure

In accordance with its legal status, United Internet AG operates a dual management and monitoring structure comprising two corporate bodies: the Management Board and the Supervisory Board. The third body is the Shareholders' Meeting. All three bodies are committed to serving the company's interests.

Procedures of the Management Board and Supervisory Board

Supervisory Board

The **Supervisory Board** is elected by the Annual Shareholders' Meeting and consisted of three members in fiscal year 2014. The members of the Supervisory Board are generally elected for a period of five years. Members of the Supervisory Board should not generally be older than 70. This requirement is currently complied with in full. In accordance with German law, the company's articles and its rules of procedure, the Supervisory Board is in regular contact with the Management Board and monitors and advises it with regard to the management of business, and the company's risk and opportunity management system. The Supervisory Board meets at regular intervals to discuss with the Management Board all matters of relevance to the company regarding strategy and its implementation, as well as planning, the development of business, the risk position, risk management and compliance. Together with the Management Board, it discusses the quarterly and half-year reports before publication and approves annual budgets. It examines the annual financial statements of the parent company and the group and adopts them if it has no reservations. In doing so, it also takes the reports of the company's external auditors into account. Its responsibilities also include appointing members of the Management Board as well as determining and regularly monitoring their remuneration. The Supervisory Board conducts regular tests to assess its own efficiency. The members of the Supervisory Board complete the training and further education measures required for their tasks on their own, but receive appropriate support in this context from the company.

The Supervisory Board is convened at least once every quarter of a calendar year.

Supervisory Board meetings are convened in writing by its chairman at least 14 days in advance.

With meetings are convened, the Supervisory Board members are informed of the agenda items. If an agenda item has not been properly announced, a resolution concerning it may only be adopted if no Supervisory Board member objects prior to the vote.

Resolutions of the Supervisory Board are generally adopted at meetings. Meetings are chaired by the Chairman of the Supervisory Board. If so arranged by the Chairman, resolutions may also be adopted outside of meetings by other means, for example by phone or e-mail, if no member objects to this procedure.

The Supervisory Board has a quorum if all 3 members participate in the resolution. A member shall also be deemed to participate in a resolution if he abstains from voting.

Unless the law prescribes otherwise, resolutions of the Supervisory Board are adopted with a simple majority.

Minutes are kept of the Supervisory Board's discussions and resolutions.

The Chairman of the Supervisory Board is authorized to submit on behalf of the Supervisory Board the declarations of intent required for the implementation of the Supervisory Board's resolutions.

Management Board

The **Management Board** is the body charged with managing the group's operations. In fiscal year 2014, it consisted of three persons and as of October 1, 2014 of five persons. The Management Board conducts operations in accordance with its legal and statutory obligations as well as the rules of procedure approved by the Supervisory Board. It is responsible for preparing the interim and annual financial statements as well as for appointing key managers within the company. Decisions of fundamental importance require the approval of the Supervisory Board. The Management Board regularly informs the Chairman of the Supervisory Board. There is also an age limit of 70 for members of the Management Board. This requirement is also currently complied with in full.

The Management Board conducts the company's business with joint responsibility and according to common objectives, plans and policies. Irrespective of the joint responsibility of the Management Board, each member bears responsibility for his assigned division, but is required to subordinate the interests of his assigned division to the overall good of the company.

The full Executive Board regulates the division of responsibilities in a business distribution plan.

The Management Board members inform each other about important events within their divisions. Matters of greater importance which are not approved in the budget must be discussed and decided by at least two Management Board members, whereby one of the two Management Board members must be responsible for the Finance division.

Irrespective of their areas of responsibility, all Management Board members constantly monitor those data which are crucial for the company's business development so they are always able to help avert potential disadvantages, or implement desirable improvements and expedient changes by drawing them to the attention of the full Management Board.

The full Management Board resolves on all matters of particular importance and scope for the company or its subsidiaries and investment companies.

Resolutions are adopted by the full Management Board with a simple majority. Should the vote result in a tie, the Chairman of the Management Board has a casting vote. The resolutions of the Management Board are recorded in the minutes.

The full Management Board meets regularly once a month and otherwise as required.

Annual Shareholders' Meeting

The **Annual Shareholders' Meeting** is the body which formulates and expresses the interests of the shareholders of United Internet AG. At the ordinary Annual Shareholders' Meeting, the annual financial statements of the parent company and consolidated financial statements are presented to the shareholders. The shareholders decide on the appropriation of the balance sheet profit and vote on resolutions concerning other statutory topics, such as releasing the Management Board members from their responsibility for the past fiscal year and appointing external auditors. Each share entitles the owner to one vote. All shareholders who register in time and are listed in the Share Register on the day of the Annual Shareholders' Meeting are entitled to attend. Shareholders may also exercise their rights at the Annual Shareholders' Meeting by means of a proxy vote. The company provides a proxy who votes according to the shareholder's instructions, providing he receives the required order.

Composition of the Management Board and Supervisory Board

In the fiscal year 2014, the **Management Board** of United Internet AG comprised the company's founder and Chief Executive Officer Mr. Ralph Dommermuth, the deputy chair and Management Board member responsible for Business Applications Mr. Robert Hoffmann (with the company since 2006) and the Chief Financial Officer Mr. Norbert Lang (with the company since 1994). With effect from October 1, 2014, the Supervisory Board of United Internet AG appointed Mr. Jan Oetjen (with the company since 2008) as Management Board member responsible for Consumer Applications and Mr. Martin Witt (with the company since 2009) as Management Board member responsible for Access.

Since October 1, 2014, the Management Board of United Internet AG has thus comprised five members and Management Board divisions:

- Ralph Dommermuth, CEO
- Robert Hoffmann, deputy chair, Management Board member responsible for Business Applications
- Norbert Lang, CFO
- Jan Oetjen, Management Board member responsible for Consumer Applications
- Martin Witt, Management Board member responsible for Access

In the case of new appointments, the Supervisory Board takes account of diversity aspects as defined by the German Corporate Governance Code. In particular, it strives to ensure that women are appropriately represented. On March 6, 2015, the German parliament passed the *Law for the equal participation of women and men in leadership positions in the private sector and the public sector*. Among other things, the law includes an obligation to set targets for raising the proportion of women on management boards and supervisory boards. The law is expected to come into force in the first half of 2015. The Supervisory Board intends to set specific targets regarding the proportion of women on the Management Board before the legal deadline (September 30, 2015).

The **Supervisory Board** elected by the Annual Shareholders' Meeting currently comprises Kurt Dobitsch (Chairman), Kai-Uwe Ricke and Michael Scheeren.

The Supervisory Board of United Internet AG is composed in such a way that its members together have the knowledge, skills and professional experience necessary for them to carry out their tasks correctly. At least one Supervisory Board member has specific expertise in the areas of accounting or auditing (Sec. 100 (5) German Stock Corporation Act - AktG). The members of the Supervisory Board also have considerable business experience in countries other than Germany.

The Supervisory Board comprises an adequate number of independent members, who have no business or personal relationship with the company or its Management Board. Moreover, these independent members do not exercise functions on a management body of or perform advisory duties at major competitors.

The German Corporate Governance Code recommends that the Supervisory Board specifies concrete objectives regarding its composition which are to be taken into account when the Supervisory Board makes recommendations to the competent election bodies. In view of the ongoing uncertainties in the regulatory environment, the Supervisory Board of United Internet AG has not yet specified any concrete objectives regarding its composition. These uncertainties were removed by the German parliament with the passing on March 6, 2015, of the *Law for the equal participation of women and men in leadership positions in the private sector and the public sector*. The Supervisory Board intends to set specific targets regarding the proportion of women on the Supervisory Board before the legal deadline (September 30, 2015).

Compliance

Compliance is an integral component of corporate and management culture throughout the United Internet Group. For United Internet AG, compliance means ensuring its activities comply with all relevant laws for its business, as well as with its own principles and regulations.

This includes open and fair communication with our employees, customers, business partners, shareholders and the public. As an internet service provider with several million customers and a large number of business partners, United Internet's legally and ethically compliant behavior is vital for retaining the trust of its customers and business associates.

To ensure conduct in line with our corporate culture, there is a binding framework for the ethical principles and values of the Group's "core companies" and values and management guidelines have been defined. This "culture of cooperation" provides guidance for employees in their everyday work and creates a secure framework for making the correct decisions. The framework applies equally to the Management Board, directors, managers and all employees of the core companies.

In the interest of all employees and the company, compliance violations are investigated, resolved and punished by taking the appropriate measures. To this end, the company's Management Board has established the corresponding procedures to ensure compliance with legal and internal regulations, including the company's own values, and to anchor them firmly in the organization.

In accordance with the importance attached to compliance, the company set up a dedicated Compliance Organization in the fiscal year 2013. In terms of content, it is headed by the Corporate Compliance Manager (CCM). The CCM reports to the General Counsel, who is responsible as Head of Legal for the establishment of the compliance organization.

The Compliance Organization is responsible for the creation of suitable structures and processes to support the implementation of compliance throughout the company and to efficiently introduce measures. The compliance organization present and anchored in the business units via functional and local Compliance Managers (FCMs and LCMs). In addition to their normal functions, the FCMs and LCMs support the area of compliance. With effect from June 1, 2014, the compliance function was strengthened by the appointment of a further compliance manager to support the Corporate Compliance Manager.

With its three levels of action Prevent, Detect, and Respond, the overarching element of the compliance system remains the responsibility of all managers for compliance. This includes acting as a role model, as enshrined in the management guidelines, and goes beyond this: all United Internet managers must set an example with regard to compliance and ensure that decisions and actions in their area of responsibility are always in line with the relevant legal provisions and the company's own values and rules. The compliance organization aims to raise the awareness of decision makers for this responsibility even more in fiscal 2015. Moreover, the company plans to merge the existing functions Compliance, Legal & Data Privacy, Risk Management, Internal Audit, and a newly created Corporate Governance unit into a holistic risk management system in fiscal 2015

Financial disclosures / transparency

It is the declared aim of United Internet to inform institutional investors, private shareholders, financial analysts, employees and the public simultaneously and with equal treatment about the company's situation by means of regular, open and up-to-date communication.

To this end, all important information, such as press releases, ad-hoc announcements and other mandatory disclosures (e.g. directors' dealings and notifications of voting rights), as well as all financial reports, are published in accordance with statutory regulations. In addition, United Internet provides extensive information on its corporate website (www.united-internet.de), where documents and information on Annual Shareholders' Meetings and other economically relevant facts can be found.

United Internet provides shareholders, analysts and the press with four reports each fiscal year on the company's business development and its financial and earnings position. The publication dates of these reports are stated in a binding financial calendar, which the company posts on its website and regularly updates in accordance with legal obligations.

The Management Board also provides immediate information in the form of ad-hoc announcements about any events not known to the public which might significantly affect the share price.

As part of its investor relations activities, the company's management team regularly meets with analysts and institutional investors. We also hold analyst conferences to announce our semi-annual and annual figures, which investors and analysts can also participate in via telephone.

Accounting and auditing

The Group's accounts are drawn up according to the principles of the International Financial Reporting Standards (IFRS, as applicable in the EU) with consideration of Sec. 315a HGB. However, the annual financial statements of the parent company – relevant for all dividend and tax matters – are drawn up according to the rules of the German Commercial Code (HGB). The annual financial statements and the consolidated financial statements are audited by independent auditors. The respective auditing company is selected by the Annual Shareholders' Meeting. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main, was elected to audit the annual financial statements for the fiscal year 2014. The Supervisory Board issues the auditing mandate, determines auditing focal points, approves the auditing fee and examines the independence of the auditors.

Remuneration of Management Board and Supervisory Board

The principles of remuneration for the Management Board and Supervisory Board are presented in section 8 of this Management Report. The disclosure of remuneration for members of the Management Board and Supervisory Board, according to person and its fixed and variable components (in line with legal regulations and the recommendations of the German Corporate Governance Code), is to be found in the Remuneration Report and section 42 of the notes to the consolidated financial statements.

Stock option plans

The principles of the stock-based compensation plan of United Internet AG are described in the Remuneration Report in section 8 of this Management Report. Further details are provided in section 37 of the notes to the consolidated financial statements.

Directors' Dealings

According to Sec. 15a of the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG), members of the Management Board and Supervisory Board of United Internet AG are legally obliged to declare their purchase and sale of shares in United Internet AG or related financial instruments whenever the transaction conducted by an executive body or related persons reaches or exceeds the amount of € 5,000 within one calendar year.

In fiscal year 2014, the Management Board and Supervisory Board of United Internet AG conducted the following securities transactions (in chronological order):

- On April 3, 2014, Mr. Norbert Lang sold 295,049 shares via NBL Vermögensverwaltung GmbH & Co. KG at a price of € 34.515 each. The total volume amounted to € 10,184k.
- On May 27, 2014, Mr. Norbert Lang exercised 200,000 subscription rights and received in return 33,833 shares of United Internet AG. The total volume amounted to € 1,104k.
- On May 27, 2014, Mr. Robert Hoffmann exercised 75,000 subscription rights and received in return 27,650 shares of United Internet AG. The total volume amounted to € 902k.

- On November 21, 2014, Mr. Michael Scheeren sold 100,000 shares at a price of € 35.085 each. The total volume amounted to € 3,509k.
- On November 21, 2014, Mr. Jan Oetjen exercised 100,000 subscription rights and received in return 26,714 shares of United Internet AG. The total volume amounted to € 896k. On November 26, 2014, he sold 21,000 shares at a price of € 35.372 each with a total volume € 743k and on November 27, 2014, 6,000 shares at a price of € 35.480 each with a total volume of € 213k.
- On November 21, 2014, Mr. Martin Witt exercised 15,000 subscription rights and received in return 5,948 shares of United Internet AG. The total volume amounted to € 199k. On November 25, 2014, he sold 5,990 shares at a price of € 35.700 each with a total volume of € 214k.
- On November 27, 2014, Mr. Michael Scheeren sold 100,000 shares at a price of € 35.487 each. The total volume amounted to € 3,549k.
- On November 26, 2014, Mr. Robert Hoffmann exercised 150,000 subscription rights and received in return 40,071 shares of United Internet AG. The total volume amounted to € 1,344k. On December 3, 2014, he sold 22,126 shares at a price of € 34.986 each with a total volume of € 774k.

No further Directors' Dealings were reported to the company by its executive bodies.

The following table shows the number of shares held by members of the Management Board and Supervisory Board (in shares, corresponding to voting rights and the notional share of capital stock in €).

As of December 31, 2014, the capital stock amounted to € 205,000,000 with the same number of voting rights. Total shareholdings of Management Board members amounted to 40.26% of capital and votes, the total shareholdings of Supervisory Board members amounted to 0.15% of capital and votes. Of the executive bodies, only Mr. Dommermuth held a shareholding of more than 1% (namely 40.00%) of capital and votes.

Shareholdings of Management Board and Supervisory Board members

Shareholding	**January 1, 2014**		**January 1, 2014**	**December 31, 2014**		**December 31, 2014**
Management Board	Direct	Indirect	Total	Direct	Indirect	Total
Ralph Dommermuth	0	82,000,000	82,000,000	0	82,000,000	82,000,000
Robert Hoffmann	29,405	0	29,405	75,000	0	75,000
Norbert Lang	222,572	402,428	625,000	256,405	197,428	453,833
Jan Oetjen	---	---	---	3,994	0	3,994
Martin Witt	---	---	---	0	0	0
	251,977	82,402,428	82,654,405	335,399	82,197,428	82,532,827
Supervisory Board	Direct	Indirect	Total	Direct	Indirect	Total
Kurt Dobitsch	---	---	---	---	---	---
Kai-Uwe Ricke	---	---	---	---	---	---
Michael Scheeren	500,000	---	500,000	300,000	---	300,000
	500,000	---	500,000	300,000	---	300,000

Declaration of conformity with regard to the recommendations of the German Corporate Governance Code in accordance with Sec. 161 German Stock Corporation Act (AktG)

The corporate governance of United Internet is based on the German Corporate Governance Code, which the Government Commission set up by the Federal Justice Minister in September 2001 published for the first time on February 26, 2002. The twelfth and currently valid version of the German Corporate Governance Code was completed on June 24, 2014 and published by the Ministry of Justice in the Federal Gazette (http://www.bundesanzeiger.de) on September 30, 2014.

The Code contains three types of standard:

- regulations describing currently valid legal standards in Germany
- recommendations
- suggestions

German corporations are obliged to observe the legal regulations.

With regard to the recommendations, the German Stock Corporation Act (Sec. 161) requires listed companies to publish a declaration of conformity once per year.

Companies are allowed to deviate from the suggestions without the need for disclosure.

On March 5, 2015, the Management Board and Supervisory Board of United Internet AG submitted their current annual declaration of conformity (presented below) in accordance with Sec. 161 AktG and immediately published it on the company's website (www.united-internet.de), as well as in the Federal Gazette.

In accordance with Section 161 German Stock Corporation Act (AktG), the Management Board and Supervisory Board of United Internet AG declare that:

Since submitting its last Declaration of Conformity issued on March 5, 2014, United Internet AG complied with the recommendations of the "Government Commission German Corporate Governance Code" in its applicable version dated June 24, 2014 ("Code"), whereby the version dated May 13, 2013 was applied until the new version was published in the Federal Gazette on September 30, 2014, and plans to continue to comply with these recommendations with the following exceptions:

Deductibles in the case of D&O insurance policies for Supervisory Board members
(section 3.8 para. 3 of the Code)
The D&O insurance policy for Supervisory Board members does not include any deductible. This is also not planned in the future as United Internet AG does not generally believe that the motivation and responsibility with which the members of the Supervisory Board conduct their duties can be improved by such a deductible.

Vertical comparison when setting Management Board compensation (section 4.2.2 para. 2 sentence 3 of the Code)
The recommendation of a vertical comparison for compensation has applied since the pre-version of the Code was published in the Federal Gazette on June 10, 2013. When determining compensation on this basis, the Supervisory Board previously only took comparisons with the Group’s most senior executives into account. In the case of future compensation decisions, the Supervisory Board plans to follow the recommendation of section 4.2.2 para. 2 sentence 3 of the Code without restrictions.

Capping Management Board compensation (section 4.2.3 para. 2 sentence 6 of the Code)
The agreements regarding Management Board compensation do not include payment caps for the total amount. Although provision is made for caps on variable components, these are not expressed as a total but as a percentage of a fixed amount. As the Supervisory Board believes that the general capping of Management Board compensation intended by the Code’s recommendation is already suitably reflected by the provisions of the current compensation agreements, it does not intend to comply in full with the Code’s recommendation acc. to section 4.2.3 para. 2 sentence 6 in the future.

Formation of committees (section 5.3 of the Code)
In view of its current size with only three members, the Supervisory Board has not formed any committees and fulfills all its duties as a whole. Under these circumstances, the Supervisory Board cannot recognize how the formation of committees would improve the efficiency of its work.

Targets for the composition of the Supervisory Board (section 5.4.1 para. 2 and 3 of the Code)
In view of the ongoing uncertainties in the regulatory environment, the Supervisory Board has not yet specified any concrete objectives regarding its composition. On December 11, 2014, the German federal cabinet resolved on a draft *Law for the equal participation of women and men in leadership positions in the private sector and the public sector*, which is currently going through the legislative process. Among other things, the draft includes an obligation to set targets for raising the proportion of women on supervisory boards. Should such legislation come into effect, the Supervisory Board intends to set specific targets regarding its composition and to consider such aspects when making election proposals at future Annual Shareholders’ Meetings.

Consideration of the Deputy Chair when setting compensation for Supervisory Board members (section 5.4.6 para. 1 sentence 2 of the Code)
When setting compensation for Supervisory Board members, the position of the Deputy Chair of the Supervisory Board is not considered. The Deputy Chair of the Supervisory Board does not currently undertake any additional duties which would represent a greater burden compared to those of a regular Supervisory Board member.

Performance-based compensation of Supervisory Board members to be aligned with sustainable corporate development
(section 5.4.6 para. 2 sentence 2 of the Code)

The present performance-related compensation of Supervisory Board members paid in addition to a fixed remuneration component is possibly not fully oriented toward sustainable growth of the enterprise as defined by section 5.4.6 para. 2 sentence 2 of the Code. Part of the variable compensation component is connected with exceeding a threshold in terms of consolidated earnings per share in the fiscal year; moreover, an additional variable compensation component was granted for the fiscal years 2013 and 2014 which is measured in terms of the percentage change in consolidated earnings per share in the given fiscal year compared with the status three years previously. For the fiscal year 2015 and subsequent years, the Supervisory Board and Management Board intend to present a new remuneration system which complies fully with the Code at the Annual Shareholders' Meeting 2015 and to seek the adoption of a resolution on this item.

Publications on accounting
(section 7.1.2 sentence 4 of the Code)
Due to organizational, internal reasons, United Internet AG only published its interim report for the first quarter of 2014 and its report for the first nine months of 2014 on May 20, 2014 and November 18, 2014, respectively. For the same reasons, the interim report for the first quarter of 2015 will be published on May 19, 2015 and the report for the first nine months of 2015 on November 17, 2015.

8 Remuneration report

Principles of the Management Board remuneration system

The Supervisory Board is responsible for determining the remuneration of Management Board members. The total compensation of individual members of the Management Board is determined by the Supervisory Board based on a performance assessment, taking into account any payments made by Group companies. Criteria for determining the appropriateness of remuneration are based on the responsibilities of the individual Management Board member, their personal performance, the economic situation, the performance and outlook of the company, as well as a review of the comparability of compensation with peer companies and the remuneration structure in place in other areas of the company.

The remuneration received by the members of the Management Board of United Internet AG is performance-oriented and consists of fixed and variable elements.

The fixed remuneration component is paid monthly as a salary. The size of the variable remuneration component depends on reaching certain, fixed financial targets agreed at the beginning of the fiscal year. These targets are based mainly on key sales and earnings figures. The target attainment corridor is generally between 90% to 120%. No bonus is paid below 90% of the agreed target and the bonus calculation is capped at 120% of the agreed target. There is no provision for subsequent amendment of the performance targets. No minimum payment of the variable remuneration component is guaranteed. In the case of four Management Board members, there is a component providing long-term incentives in the form of a compensation program based on virtual shares (SARs). The exercise hurdle of this program is 120% of the share price. Payment of value growth is capped at 100% of the calculated share price when the virtual options were granted.

There are no retirement benefits from the company to members of the Management Board.

The size of the remuneration components is regularly reviewed, whereby the Supervisory Board also takes account of Management Board remuneration in relation to compensation for senior management (as of fiscal 2015) and the workforce as a whole over time.

The following tables provide details on Management Board remuneration in accordance with the recommendations of the German Corporate Governance Code.

Value of benefits granted for the reporting period

The following table shows the value of benefits granted for the reporting period. It also shows the minimum and maximum values that can be achieved. For the one-year variable compensation, the target value (i.e. the value in the event of 100% target achievement) granted for the reporting period is stated. In addition, the multi-year variable compensation granted in the reporting period is broken down into different plans and the relevant periods of time are stated.

For subscription rights and other share-based payments, the fair value at the time of granting is calculated.

Benefits granted (in €k)	Ralph Dommermuth			
	CEO			
	Since 2000			
	2013	2014	2014 (min)	2014 (max)
Fixed compensation	300	300	300	300
Fringe benefits				
Total	**300**	**300**	**300**	**300**
One-year variable compensation	240	240	0	288
Multi-year variable compensation				
Total	**540**	**540**	**300**	**588**
Service cost				
Total compensation	**540**	**540**	**300**	**588**

Benefits granted (in €k)	Norbert Lang			
	Finance			
	Since 2000			
	2013	2014	2014 (min)	2014 (max)
Fixed compensation	300	300	300	300
Fringe benefits				
Total	**300**	**300**	**300**	**300**
One-year variable compensation	190	190	0	228
Multi-year variable compensation				
Total	**490**	**490**	**300**	**528**
Service cost				
Total compensation	**490**	**490**	**300**	**528**

Benefits granted (in €k)	Robert Hoffmann			
	Business Applications			
	Since January 1, 2013			
	2013	2014	2014 (min)	2014 (max)
Fixed compensation	300	300	300	300
Fringe benefits				
Total	**300**	**300**	**300**	**300**
One-year variable compensation	200	200	0	240
Multi-year variable compensation	2,060			
SAR program H 2012 (6 years)	2,060			
Total	**2,560**	**500**	**300**	**540**
Service cost				
Total compensation	**2,560**	**500**	**300**	**540**

Benefits granted (in €k)	Jan Oetjen			
	Consumer Applications			
	Since October 1, 2014[1]			
	2013	2014	2014 (min)	2014 (max)
Fixed compensation		292	292	292
Fringe benefits				
Total		**292**	**292**	**292**
One-year variable compensation		242	0	290
Multi-year variable compensation		1,425	0	1,425
SAR program H 2014 (6 years)		1,425[2]	0	1,425[2]
Total		**1,959**	**292**	**2,007**
Service cost				
Total compensation		**1,959**	**292**	**2,007**

Benefits granted (in €k)	Martin Witt			
	Access			
	Since October 1, 2014[1]			
	2013	2014	2014 (min)	2014 (max)
Fixed compensation		275	275	275
Fringe benefits				
Total		**275**	**275**	**275**
One-year variable compensation		175	0	210
Multi-year variable compensation		1,425	0	1,425
SAR program H 2014 (6 years)		1,425[2]	0	1,425[2]
Total		**1,875**	**275**	**1,910**
Service cost				
Total compensation		**1,875**	**275**	**1,910**

(1) The Management Board members Jan Oetjen and Martin Witt received their compensation for 2014 via subsidiaries of United Internet AG. Compensation for 2014 was disclosed on a full-year basis.

(2) The multi-year variable compensation of Mr. Oetjen and Mr. Witt was granted before they were appointed to the Management Board of United Internet AG.

Allocation for the reporting period

The following table contains the allocation for the reporting period (disbursement) for fixed compensation and the one-year variable compensation. The table also shows the allocation (disbursement) of multi-year variable compensation, where the plan term ended in the reporting period. The amounts are broken down into different plans.

Allocation (in €k)	Ralph Dommermuth	Norbert Lang	Robert Hoffmann	Jan Oetjen	Martin Witt
	CEO	Finance	Business Applications	Consumer Applications	Access
	Since 2000	Since 2000	Since Jan. 1, 2013	Since Oct. 1, 2014[(1)]	Since Oct. 1, 2014[(1)]
	2014	2014	2014	2014	2014
Fixed compensation	300	300	300	292	275
Fringe benefits					
Total	**300**	**300**	**300**	**292**	**275**
One-year variable compensation	247	196	200	242	175
Multi-year variable compensation		1,104	2,246	1,172	320
SAR program E 2009 (6 years)		1,104		276	
SAR program F 2009 (6 years)			1,344	896	
SAR program A 2011 (6 years)					121
SAR program B 2011 (6 years)			902		
SAR program F 2012 (6 years)					199
Other					
Total	**547**	**1,600**	**2,746**	**1,706**	**770**
Service cost					
Total compensation	**547**	**1,600**	**2,746**	**1,706**	**770**

(1) The Management Board members Jan Oetjen and Martin Witt received their compensation for 2014 via subsidiaries of United Internet AG. Compensation for 2014 was disclosed on a full-year basis.

Further details on Management Board remuneration are provided in section 42 of the notes to the consolidated financial statements.

Principles of the Supervisory Board remuneration system

The 3 members of the Supervisory Board of United Internet AG also form the supervisory board of United Internet's most important subsidiary, 1&1 Internet AG. The Supervisory Board members each receive separate compensation for their work on behalf of the two companies. This compensation consists of a fixed element and a variable element which depends on the success of the respective company.

In the case of United Internet, the fixed remuneration for an ordinary member of the Supervisory Board amounts to € 10,000 per full fiscal year. The Chairman of the Supervisory Board receives twice the amount attributable to an ordinary member. The variable, performance-oriented element for each member of the Supervisory Board, including the Chairman, amounts to € 1,000 for every cent which exceeds the consolidated earnings per share (EPS) value of € 0.60 for

United Internet AG, calculated according to IFRS. As of fiscal year 2013, there has been a variable long-term compensation component for each member of the Supervisory Board, including the Chairman. This consists of an additional payment per full fiscal year of € 500 per starting percentage point by which the EPS of United Internet AG in the past fiscal year exceeds the EPS of the fiscal year completed 3 years previously. This long-term, variable compensation component is limited to a maximum of € 10,000 per member. There are no stock option plans for members of the Supervisory Board.

With regard to their activities for 1&1 Internet AG, the fixed remuneration for ordinary members of the Supervisory Board amounts to € 20,000 per full fiscal year. The Chairman of the Supervisory Board receives € 30,000. Variable, performance-oriented compensation for each member of the Supervisory Board, including the Chairman, is based on the key earnings figures of 1&1 Internet AG. Variable compensation amounts to at least € 30,000 and a maximum of € 70,000 per member.

The recommendations of the German Corporate Governance Code regarding the remuneration system for supervisory boards have changed since the last compensation resolution of the Annual Shareholders' Meeting of United Internet AG on June 2, 2010. The German Corporate Governance Code now recommends that supervisory board members receive only a fixed compensation in order to strengthen their independence and that variable compensation should no longer be granted. Against this backdrop, the Supervisory Board and Management Board will present to the Annual Shareholders' Meeting to be held on May 21, 2015, a resolution on a new compensation system which is fully compliant with the latest German Corporate Governance Code. It comprises a fixed annual remuneration component and an attendance fee per meeting.

In view of the various (net) positive special items in fiscal 2014 and against the background of the planned new remuneration system, the Supervisory Board of United Internet AG has opted for voluntary self-restraint in its compensation for 2014 based on the amounts of the previous year.

Specific details on Supervisory Board compensation is provided in section 42 of the notes to the consolidated financial statements.

Stock-based compensation

United Internet AG operates a stock-based compensation plan which enables its managers to participate in the company’s success and is aimed at enhancing staff loyalty. The plan takes the form of a virtual stock option program.

Virtual stock options (so-called Stock Appreciation Rights - SARs) refer to the commitment of United Internet AG to pay the beneficiary a cash amount equivalent to the difference between the share price on the date of granting the option and the share price on exercising the option. The exercise hurdle is 120% of the share price, which is calculated as the average closing price in electronic trading (Xetra) of the Frankfurt Stock Exchange over the ten days preceding issuance of the option. Payment of value growth to the entitled person is limited to 100% of the calculated share price when the virtual options were granted.

An SAR corresponds to a virtual subscription right for one share of United Internet AG. However, it is not a share right and thus not a (genuine) option to acquire shares of United Internet AG. United Internet AG retains the right to fulfill its commitment to pay the SAR in cash by also transferring United Internet AG shares from its stock of treasury shares to the beneficiary, at its own discretion. Employees may exercise their option rights after expiry of certain minimum retention periods. The increase in value represents a taxable gain for employees. The SARs have a maturity of no more than six years.

Option rights can be exercised as follows: up to 25% of the option right may be converted at the earliest 24 months after the date of issue of the option; up to 50% at the earliest 36 months after the date of issue of the option; a total of up to 75% may be exercised at the earliest 48 months after the date of issue of the option; the full amount may be exercised at the earliest 60 months after the date of issue of the option.

Detailed information on stock-based compensation is provided in section 37 of the notes to the consolidated financial statements.

9 Dependent company report

In compliance with Sec. 312 (1) AktG, the Management Board declares that the company received adequate compensation (quid pro quo) for all legal transactions and measures listed in the report on relations with affiliated companies, in accordance with the circumstances known at the time when such transactions or measures were carried out, or the measure involved was executed or omitted, and that the company was not disadvantaged by such measures being executed or omitted.

Montabaur, March 20, 2015

The Management Board

Ralph Dommermuth   Robert Hoffmann   Norbert Lang   Jan Oetjen   Martin Witt

Annual Financial Statements of the Parent Company

acc. to HGB

as at
December 31, 2014

United Internet AG - Balance Sheet acc. to HGB

as of December 31, 2014 in €k

ASSETS	December 31, 2014	December 31, 2013
FIXED ASSETS		
Intangible assets		
Concessions, industrial and similar rights and assets as well as licenses in such rights and assets	0	33
	0	33
Property, plant and equipment		
Other equipment, operational and office equipment	133	549
	133	549
Financial assets		
Shares in affiliated companies	1,214,501	1,097,626
Loans to affiliated companies	1,037,300	1,750
	2,251,801	1,099,376
	2,251,934	1,099,958
CURRENT ASSETS		
Accounts receivable and other assets		
Receivables due from affiliated companies	1,886,115	193,494
Other assets	366,713	2,143
	2,252,828	195,637
Cash in hand and bank balances	9,842	4,189
	2,262,670	199,826
PREPAID EXPENSES	40	40
	4,514,644	1,299,824

EQUITY AND LIABILITIES	December 31, 2014	December 31, 2013
EQUITY		
Capital stock	203,868	193,856
Capital reserves	457,977	116,977
Revenue reserves		
Other revenue reserves	500,319	327,949
Retained earnings	1,422,774	220,506
	2,584,938	859,288
ACCRUALS		
Accrued taxes	33,859	19,170
Other accrued liabilities	23,707	21,401
	57,566	40,571
LIABILITIES		
Liabilities due to banks	1,382,646	343,000
Trade accounts payable	635	155
Liabilities due to affiliated companies	466,544	24,594
Other liabilities	19,530	32,216
	1,869,355	399,965
DEFERRED TAX LIABILITIES	2,785	0
	4,514,644	1,299,824

United Internet AG - Income Statement acc. to HGB

from January 1, 2014 to December 31, 2014 in €k

	2014 January - December	2013 January - December
Sales	6,298	5,004
Other operating income	428	5,662
Cost of materials		
Cost of purchased services	-4,960	-3,039
Personnel expenses		
a. Wages and salaries	-2,674	-24,155
b. Social security contributions	-33	-228
Amortization and depreciation of intangible assets and property, plant and equipment	-68	-92
Other operating expenses	-7,153	-4,312
Income from profit transfer agreements	1,572,762	272,241
Other interest and similar income	8,356	1,662
Expense from loss transfer	-5,689	-24,017
Interest and similar expenses	-34,341	-19,976
Result from ordinary operations	1,532,926	208,750
Taxes on income	-53,352	-98,330
Other taxes	-2	-4
Net profit for the year	1,479,572	110,416
Profit carried forward	143,202	131,090
Cancellation of shares	0	-21,000
Transfer to other revenue reserves	-200,000	0
Income from capital reduction	0	21,000
Transfer to capital reserves acc. to the regulations governing simplified capital reduction	0	-21,000
Balance sheet profit	1,422,774	220,506

UNITED INTERNET AG, MONTABAUR

Notes to the Financial Statements for Fiscal Year 2014

GENERAL PROVISIONS

The annual financial statements for fiscal year 2014 were prepared in accordance with Sections 242 ff. and Sections 264 ff. German Commercial Code (HGB), as well as with the respective provisions of the German Stock Corporation Law (AktG).

Due to its capital market orientation, United Internet AG, Montabaur, is classified as a large corporation pursuant to Sec. 267 (3) HGB.

The annual financial statements are based on the provisions of the German Commercial Code and Stock Corporation Act, as amended.

The income statement is prepared according to the cost of sales method.

Reference is made to the fact that consolidated financial statements have been prepared according to International Financial Reporting Standards (IFRS), as applied in the EU, to comply with the listing requirements for the Prime Standard segment of the Frankfurt Stock Exchange and have been disclosed in accordance with Sec. 325 HGB with reference to Sec. 315 a HGB.

INFORMATION ABOUT THE COMPANY

The business activities of United Internet AG (United Internet) go back to "Eins & Eins EDV Marketing GmbH", which was founded by Mr. Ralph Dommermuth and two other shareholders in 1988. The name of this marketing company was changed to "1&1 EDV Marketing GmbH", before being finally renamed as "1&1 Holding GmbH" in 1993.

United Internet AG was founded on January 29, 1998 as a new holding company for the 1&1 Group, with the name 1&1 Aktiengesellschaft & Co. Kommanditgesellschaft auf Aktien, a partnership limited by shares. The company was entered into the commercial register at the Local Court of Montabaur against HRB 5762 on February 16, 1998; 1&1 Holding GmbH was then merged into the company with effect from January 1, 1998.

On March 20, 1998 the company's shares were admitted to the regulated market with a listing in the Neuer Markt segment of the Frankfurt Stock Exchange. The shares were traded for the first time on March 23, 1998.

The extraordinary shareholders' meeting on February 22, 2000 adopted a resolution to change the name of the company to United Internet Aktiengesellschaft & Co. KGaA. The new name was entered in the commercial register on February 23, 2000.

The change of legal form to a stock corporation by the name of United Internet AG, also decided on February 22, 2000, was entered in the commercial register on March 23, 2000.

PURPOSE OF THE COMPANY

The purpose of the company is to provide marketing, selling and other services, especially in the fields of telecommunications, information technology, including the Internet, and data processing or related areas. The company's purpose also includes the acquisition, holding and management of investments in other companies, especially those operative in the aforementioned business segments. The company is entitled to bring companies in which it holds an investment under its common control and may restrict itself to the management or administration of its investments.

The company is authorized to acquire or hold investments in all types of companies in Germany and other countries and to transact all business that is conducive to its purpose. The company is also authorized to conduct its business through subsidiaries, associated companies and joint ventures. It may outsource or transfer all or part of its operations to affiliated companies.

MANAGEMENT AND REPRESENTATION OF THE COMPANY

The company's Management Board manages and represents the company. According to its by-laws, the Management Board has one or more members, the number of which is determined by the Supervisory Board. If the Management Board has only one member, the company is represented by this person. If it has more than one member, the company is represented by two members of the Management Board or by one member of the Management Board collectively with a person holding power of attorney; however, the Supervisory Board may authorize particular members of the Management Board to represent the company on their own.

ACCOUNTING AND VALUATION METHODS

All figures are in euro (€), thousand euro (€k) or million euro (€m).

The following accounting and valuation methods were used once again in the preparation of the annual financial statements.

Intangible assets acquired for consideration are carried at cost and, insofar as their value diminishes, amortized in scheduled amounts according to their expected useful life.

Property, plant and equipment are carried at cost and depreciated over their expected useful lives. For assets acquired up to December 31, 2007 and between January 1, 2009 and December 31, 2009, the declining balance method is applied. The straight-line method is applied in the year in which it leads to higher annual depreciation rates. Other fixed assets are depreciated using the straight-line method. Individual items with a low net value of up to € 150.00 are fully expensed in the year of acquisition; it is assumed that they are disposed of immediately. For reasons of simplification, the tax method used to compile omnibus items is also applied in the commercial balance sheet for individual assets with a net value of over € 150.00 and up to € 1,000.00. This omnibus item is then written off in a lump sum of 20 percent in the year of addition as well as in each of the following four years. Other depreciation of additions to property, plant and equipment is always made pro rata temporis.

Operational equipment is usually depreciated over 4 to 5 years. Leasehold improvements are generally written off over a period of 10 years or the shorter lease period. The expected useful life of office furniture and equipment is 8 to 13 years, that of the vehicles is 6 years.

Shares in affiliated companies disclosed under **financial assets** are reported at the lower of cost or market value, while loans are always stated at the lower of nominal or market value.

Receivables and other assets are stated at nominal value. All risk-bearing items, which are significant in terms of amount, are covered by reasonable allowances.

Tax accruals and **other accruals** consider all contingent liabilities, recognizable risks, and impending losses. They are carried at the settlement amount computed in accordance with prudent commercial practice (i.e. including future cost and price increases). Accruals with a remaining term of more than one year are discounted.

Liabilities are stated at their settlement amount.

For the calculation of **deferred taxes** due to temporary or quasi-permanent differences between the commercial law valuation of assets, liabilities and prepaid expenses and their tax valuation, or due to tax loss carryforwards, these are measured using the company’s individual tax rates at the point in time when the differences reverse. The amounts of the resulting tax burden or relief are not discounted. Deferred tax assets and liabilities are netted.

Assets and liabilities denominated in foreign currencies are translated at the average spot rate on the balance sheet date. In the case of remaining terms of over one year, the realization principle (Sec. 252 (1) No. 4 Half-sentence 2 HGB) and the acquisition cost principle (Sec. 253 (1) Sentence 1 HGB) are applied.

Insofar as **hedges** are created in accordance with Sec. 254 HGB, the following accounting and measurement principles are applied:

Economic hedging relationships are presented in the financial statements by the creation of hedges. The so-called “net hedge presentation method” ("Einfrierungsmethode") is used, in which offsetting value changes in the hedged risk are not disclosed and the offsetting positive and negative changes in value are therefore not recognized with an effect on the income statement.

NOTES TO BALANCE SHEET ITEMS

FIXED ASSETS

Reference is made to the fixed asset movement schedule (appendix 1 of the notes) for the classification and development of fixed assets.

Intangible assets and property, plant and equipment

In the reporting period, investments in this area solely concern furniture and fixtures.

Financial assets

Information on the equity situation and results of operations of the affiliated companies, stating the respective shareholding, is included in the list of shareholdings (exhibit 2 of the notes).

Additions to shares in affiliated companies of € 132k each refer to the acquisition of 1&1 Telecommunication Holding SE, United Internet Mail & Media SE and United Internet Service SE.

In fiscal year 2014, the investment in 1&1 Telecommunication AG was contributed to the capital reserves of 1&1 Telecommunication Holding SE under other additions. The contribution was made at the carrying amount of € 59,658k. In addition, there was a contribution of € 116,478k which raised the carrying value of the investment on the basis of a compensation agreement signed in the reporting period between United Internet AG and 1&1 Telecommunication Holding SE.

Furthermore, loans of € 1,036,000k were issued to a total of three subsidiaries in the reporting period with terms of five to ten years.

CURRENT ASSETS

Receivables and other assets

The classification and maturities of receivables and other assets are shown in the following table (€k):

	31.12.2014	31.12.2014			31.12.2013
		Remaining term			
	Total	up to 1 year	of 1 to 5 years	over 5 years	Total *
Accounts receivable from affiliated companies	1,886,115	1,886,115			193,494
Other assets	366,713	366,713			2,143
	2,252,828	**2,252,828**	**0**	**0**	**195,637**

* All remaining terms up to 1 year.

Receivables from affiliated companies mainly comprise receivables due from 1&1 Internet AG (€ 1,521,941k) and 1&1 Telecommunication Holding SE (€ 250,173k). Receivables from 1&1 Internet AG result mainly from the profit transfer agreement (€ 1,293,215k) and balances of the United Internet Group's internal cash management system (€ 217,162k). Receivables from 1&1 Telecommunication Holding SE result mainly from balances of the United Internet Group's internal cash management system (€ 230,533k).

Other assets consist solely of receivables due from the tax authorities.

EQUITY

The company has the legal form of a stock corporation ("Aktiengesellschaft").

Capital stock and shares

As at December 31, 2013, the fully paid-in capital stock amounted to € 194,000,000.00 divided into 194,000,000 registered no-par shares having a theoretical share in the capital stock of € 1.00 each.

On September 15, 2014, the Management Board of United Internet AG, with the approval of the Supervisory Board, resolved on a capital increase against cash contributions through partial use of Authorized Capital. With the exclusion of subscription rights for existing shareholders, the company's capital stock was increased to € 205,000,000 by the issue of 11,000,000 new registered no-par value shares with a theoretical share in the capital stock of € 1.00 each against cash contributions. The increase corresponds to approx. 5.7% of previous capital stock. The issuance price amounted € 32 per share, resulting in a transfer to capital reserves of € 341,000,000.

As of December 31, 2014, the fully paid-in capital stock therefore amounts to € 205,000,000 divided into 205,000,000 registered no-par shares with a theoretical share in the capital stock of € 1 each.

As of December 31, 2014 the company held 1,132,338 treasury shares, which in accordance with Sec. 272 (1)a HGB are deducted from capital stock on the face of the balance sheet

Capital reserves

The issuance price of the new registered no-par shares with a theoretical share in the capital stock of € 1 each amounted € 32, resulting in an increase in capital reserves of € 341,000,000.

Approved capital

The company's Management Board is authorized, subject to the approval of the Supervisory Board, to increase the capital stock by a maximum (following the capital increase of € 11,000,000.00 in September 2014) of € 101,500,000.00 in the period ending May 25, 2016 by issuing on one or more occasions new no-par common shares in return for cash and/or non-cash contributions.

In the case of a capital increase in return for cash contributions, the shareholders shall be granted subscription rights. However, the Management Board is authorized, subject to the approval of the Supervisory Board, to exclude the right to subscribe in the case of fractional amounts and also to exclude the right to subscribe to the extent that this should be necessary in order to grant subscription rights for new shares to bearers of warrants, convertible bonds or warrant bonds issued by the company or subordinated Group companies in the amount to which they are entitled on conversion of their conversion or warrant rights or fulfillment of their conversion obligation. The Management Board is also authorized, subject to the approval of the Supervisory Board, to exclude the right of shareholders to subscribe in the case that the issue amount of the new shares is not substantially lower than the quoted market price of company shares with the same terms at the time of finalizing the issue amount and the shares issued in accordance with Sec. 186 (3) Sentence 4 AktG do not exceed in total 10% of capital stock. Shares sold or issued due to other authorizations in direct or corresponding application of Sec. 186 (3) Sentence 4 AktG under exclusion of subscription rights are to be accounted for in this limitation.

Furthermore, the Management Board is authorized, subject to the approval of the Supervisory Board, to exclude the right of shareholders to subscribe in the case of capital increases in return for non-cash contributions, especially in connection with the acquisition of companies, shareholdings or assets.

Conditional capital

The capital stock has been conditionally increased by up to € 30,000,000.00, divided into 30,000,000 no-par registered shares (Conditional Capital 2014). The conditional capital increase is earmarked for shares to be granted to bearers or holders of warrant or convertible bonds, which the shareholders' meeting on May 22, 2014 authorized the company or a subordinated Group company to issue in the period up to May 21, 2019, providing the issue is in return for cash and no cash settlement is granted and the warrant or convertible bonds are not serviced from the stock of treasury shares or approved capital.

The conditional capital increase will only be executed to the extent that the bearers exercise their warrant or conversion rights from the aforementioned bonds or to the extent that conversion obligations from such bonds are fulfilled and no cash settlement is granted and the company does not service warrant or conversion rights from its stock of treasury shares or from approved capital. The shares will participate in profits from the beginning of the fiscal year in which they are created by exercising the conversion or option rights. The Management Board is authorized to set the further details regarding the execution of the conditional capital increase.

Authorization of Annual Shareholders' Meeting to acquire treasury shares

Pursuant to Sec. 71 (1) No. 8 AktG, the company is entitled to acquire treasury shares until September 22, 2017 up to a limit of ten percent of capital stock. The purchase price may be no lower than ten percent of the share's market price, nor higher than ten percent above its market price. As of the balance sheet date 1,132,338 treasury shares were held.

The company's Management Board is authorized, subject to the approval of the Supervisory Board, to sell treasury stock it has acquired in other ways than through the stock exchange or by offering to all shareholders, if the acquired treasury stock is sold for cash contribution at a price not significantly below the market price for such shares at the time of sale, or for reasonable non-cash consideration.

Subject to approval by the Supervisory Board, the Management Board is authorized to use the own shares acquired on the basis of this authorization to grant shares to members of the Management Board, to other company employees as well as to the management and employees of affiliated companies acc. to Sec. 15 ff. AktG, who are entitled to them on the basis of employee stock ownership plans. The company's Supervisory Board shall decide in all cases where own shares are to be transferred to members of the Management Board.

The Management Board is also permitted, subject to the approval of the Supervisory Board, to use the acquired treasury shares to meet conversion or option rights, or option commitments.

The Management Board is further permitted, subject to the approval of the Supervisory Board, to call in shares without a further resolution of the general meeting of shareholders.

The shareholders‘ subscription rights to treasury shares are excluded insofar as these shares are used according to the above authorizations. The authorization to purchase, sell or withdraw treasury shares can be exercised once or severally and either in total or in parts.

Total shareholders' equity developed as follows (€):

Development of total shareholders' equity

Capital stock			
-	Capital stock as of December 31, 2013		194,000,000.00
	- Capital increase from the issue of new shares		11,000,000.00
-	Capital stock - December 31, 2014		205,000,000.00
-	Open deduction of treasury shares acc. to Sec. 272 (1)a HGB - December 31, 2013	-144,265.00	
	- Purchase of treasury shares	-1,295,735.00	
	- Issue of treasury shares	307,662.00	
-	Open deduction of treasury shares acc. to Sec. 272 (1)a HGB - December 31, 2014		-1,132,338.00
-	Balance as of December 31, 2014		**203,867,662.00**
Capital reserves			
-	Balance as of December 31, 2013		116,976,677.74
	- Transfer to capital reserves due to capital increase		341,000,000.00
-	Balance as of December 31, 2014		**457,976,677.74**
Other revenue reserves			
-	Balance as of December 31, 2013		327,949,183.19
	- Offsetting of difference from treasury stock		-37,475,519.93
	- Transfer to other revenue reserves (employee stock ownership plan)		9,844,861.55
	- Transfer to other revenue reserves acc. to Sec. 58 (2), sentence 1 AktG		200,000,000.00
-	Balance as of December 31, 2014		**500,318,524.81**
Balance sheet profit			
-	Balance as of December 31, 2013		220,505,995.69
-	Dividend payment		-77,304,000.00
-	Transfer to other revenue reserves		-200,000,000.00
-	Net profit for the year		1,479,572,787.87
-	Balance as of December 31, 2014		**1,422,774,783.56**
Total shareholders' equity			**2,584,937,648.11**

As of fiscal year 2010, treasury shares are treated in the same way as a capital reduction. The nominal amount was deducted from subscribed capital on the face of the balance sheet, the difference was offset with other revenue reserves. The nominal value of shares held on the balance sheet date December 31, 2014, amounting to € 1,132,338.00 was therefore deducted from capital stock and disclosed in a sub-column on the face of the balance sheet.

The Annual Shareholders' Meeting of May 22, 2014 followed the proposal of the Management Board and Supervisory Board to carry forward part of the balance sheet profit 2013 amounting to € 143,201,995.69 and to distribute another part totaling € 77,304,000.00 as a dividend.

The Management Board of United Internet AG also resolved in accordance with Sec. 58 (2) Sentence 1 AktG to transfer a partial amount of the annual net profit amounting to € 200,000,000.00 to other revenue reserves.

As of the reporting date, the balance sheet profit amounts to € 1,422,774,783.56. The balance sheet profit contains a carryforward from the previous year amounting to € 220,505,995.69. This amount was reduced under consideration of the dividend paid in fiscal year 2014 to € 143,201,995.69.

The Management Board and Supervisory Board will discuss their dividend proposal for fiscal year 2014 at the Supervisory Board meeting on March 25, 2015. According to Sec. 21 of the by-laws of United Internet AG, the Annual Shareholders' Meeting decides on the appropriation of the balance sheet profit.

Pursuant to Sec. 71b AktG, the company does not accrue any rights from treasury shares and thus has no pro-rated dividend rights.

Treasury shares

As of December 31, 2013 the company held 144,265 treasury shares, representing 0.07% of the capital stock of 194,000,000 shares. The average purchase cost per share amounted to € 21.19.

The share buyback program adopted on May 24, 2013 on the basis of an authorization of the Annual Shareholders‘ Meeting of May 23, 2013 was revoked by the Annual Shareholders‘ Meeting of May 22, 2014 on expiry of May 22, 2014 with effect in future. At the same time, with a resolution adopted on May 22, 2014, the Annual Shareholders‘ Meeting authorized United Internet AG to buy back treasury shares representing up to 10% of the company‘s capital stock. The authorization was issued for the period up to September 22, 2017. On the basis of this authorization, the Management Board of United Internet AG resolved on June 13, 2014 to launch a new share buyback program. In the course of this new share buyback program, up to 2,000,000 company shares can be bought back via the stock exchange.

Following buybacks of 1,295,735 and issues of 307,662 shares, the company held 1,132,338 treasury shares or 0.55% of the capital stock of 205,000,000 shares as of December 31, 2014. The average purchase cost per share amounted to € 29.12.

ACCRUALS

Accrued taxes of € 33,859k refer to corporation tax, the solidarity surcharge and trade tax for previous years.

Other accrued liabilities contain appropriate accruals formed for all foreseeable liabilities whose amount and nature are uncertain as well as for pending losses. They were formed mainly for the employee stock ownership plan (€ 16,760k), for bonuses and commissions (€ 643k), and legal, auditing and consulting fees (€ 506k). In addition, accrued liabilities were formed for foreseeable interest risks accruing from the tax audit (€ 5,195k).

The effect from discounting accruals recognized in interest expenses amounts to € 580k (prior year: € 162k).

LIABILITIES

The classification and maturities of the liabilities are shown in the following table (€k):

	31.12.2014	31.12.2014 Remaining term			31.12.2013 Remaining term	
	Total	up to 1 year	of 1 to 5 years	over 5 years	Total	up to 1 year
Bank liabilities	1,382,646	2,646	1,044,500	335,500	343,000	23,000
Trade payables	635	635			155	155
Liabilities due to affiliated companies	466,544	466,544			24,594	24,594
Other liabilities thereof for taxes € 19,529k (prior year: € 29,384k)	19,530	19,530			32,216	32,216
	1,869,355	**489,355**	**1,044,500**	**335,500**	**399,965**	**79,965**

Bank liabilities as of December 31, 2014 result from a syndicated loan totaling € 750 million concluded in August 2014, comprising two tranches with terms to 2017 and 2019, and a promissory note loan of € 600 million divided into 4 tranches with varying terms from 2017 to 2022.

In addition, there is a revolving syndicated loan of € 600 million with a term until August 19, 2019 which had been utilized as of December 31, 2014 in an amount of € 30 million.

No collateral was provided for any of the loans.

Liabilities to affiliated companies mainly consist of liabilities due from tax refunds (€ 335,694k), from a compensation agreement with 1&1 Telecommunication Holding SE (€ 116,478k; we refer to the explanations under financial assets), from services received from these companies (€ 8,632k), and from profit transfer agreements (€ 5,689k after consideration of advance payments in the reporting period).

Other liabilities consist mainly of sales tax liabilities of € 18,866k.

DEFERRED TAXES

Due to existing direct and indirect tax pooling, the measurement of existing deferred taxes is made across the entire tax pooling group of United Internet AG.

In previous years, deferred tax liabilities were more than offset by deferred tax assets on the level of 1&1 Telecom GmbH. In execution of the reporting option pursuant to Sec. 274 (1) S. 2 HGB, this excess was not recognized.

Due to the termination of the profit transfer agreement between 1&1 Internet AG and der 1&1 Telecom GmbH during the reporting period, deferred taxes on this level are now irrelevant for purposes of determining deferred taxes on the level of United Internet AG.

As of the reporting date, there were therefore deferred tax liabilities of € 2,785k for the remaining reporting group of United Internet AG. These result mainly from deferred tax liabilities from differing investment measurements and deferred tax assets from intangible assets, property, plant and equipment and accruals.

The calculation is based on a tax rate of 30.14%.

NOTES TO THE INCOME STATEMENT

SALES

The company’s sales were generated exclusively in Germany and mainly comprise charges to subsidiaries for services rendered (€ 5,933k) and rent (€ 365k).

OTHER OPERATING INCOME

Other operating income mainly results from currency differences. The effect from currency translation amounts to € 353k.

Other operating income not relating to the period of € 23k results from the reversal of accruals.

PERSONNEL EXPENSES

Due to the transfer of United Internet AG staff to a subsidiary in fiscal year 2014 and prior-year expenses for existing share-based compensation programs, personnel expenses are not comparable with the previous year. Adjusted for the effects from employee stock ownership plans, personnel expenses amounted to € 1,645k in the reporting period (prior year: € 3,209k).

OTHER OPERATING EXPENSES

Other operating expenses mainly comprise the expenses for the capital increase of € 3,673k, legal, consulting and audit fees as well as Supervisory Board remuneration (€ 1,827k), and expenses for investor relations, marketing and press PR (€ 320k). Expenses relating to currency translation amount to € 352k.

INCOME FROM PROFIT TRANSFER AGREEMENTS

This item comprises the profit transfer of 1&1 Internet AG (€ 1,393,215k), of 1&1 Telecommunication AG (€ 118,572k) and of United Internet Ventures AG (€ 60,975k). Income from profit transfer agreements is dominated by special items of the respective subsidiaries. Amongst other things, these include internal Group investment income of € 1,327,774k, income in connection with the disposal of financial assets amounting to € 192,249k, and apposing write-downs on financial assets of € 64,385k. Due to this and the termination of a profit transfer agreement within the consolidation, income is not comparable with the previous year.

EXPENSES FOR LOSS ASSUMPTIONS

This item mainly comprises the compensation expense for United Internet Corporate Services GmbH (€ 2,879k) and 1&1 Telecommunication Holding SE (€ 2,791k).

INCOME TAXES

Income taxes of € 32,662k concern current taxes of 2014, of which € 22,371k are corporation tax and the solidarity surcharge and € 10,291k concern trade tax. There were also deferred tax expenses of € 2,785k.

As a result of findings from the tax audit of 2006 to 2008, as well as consequential effects and assessments for subsequent years, there were tax expenses not relating to the period for income taxes amounting to € 17,905k. In addition, there related interest expenses of € 5,779k and interest income of € 1,506k disclosed in the interest result.

OTHER DISCLOSURES

Average number of employees

An average of 2 (prior year: 18) permanent salaried staff were employed in the past fiscal year (without Management Board members, apprentices, part-time staff and employees on maternity leave). The reduction resulted from the transfer of staff on January 1, 2014 to United Internet Corporate Services GmbH, Montabaur, a subsidiary of United Internet AG. Only the Management Board and its assistants now remain in United Internet AG.

Executive bodies of United Internet AG

As of December 31, 2014, the Management Board consisted of the following members:

Ralph Dommermuth (CEO), Montabaur
Robert Hoffmann (COO), Kelkheim
Norbert Lang (CFO), Waldbrunn
Jan Oetjen (Management Board member for Consumer Applications), Karlsruhe
Martin Witt (Management Board member for Access), Reichertshausen

Jan Oetjen and Martin Witt were appointed to the Management Board of United Internet AG on October 1, 2014. Both previously served on the management boards of subsidiaries of United Internet AG.

The members of the Management Board also belong to the supervisory boards of the following companies:

Ralph Dommermuth

Rocket Internet AG, Berlin (since August 22, 2014)
Versatel Telecommunications GmbH, Düsseldorf, chair of the advisory committee (since October 1, 2014)

Norbert Lang

Hi-Media SA, Paris / France
united-domains AG, Starnberg (deputy chair)
Versatel Telecommunications GmbH, Düsseldorf, member of the advisory committee (since October 1, 2014)

Martin Witt

Versatel Deutschland GmbH, Düsseldorf, chair of the supervisory board since November 18, 2014, previously member
Versatel Telecommunications GmbH, Düsseldorf, member of the advisory committee

The Supervisory Board is responsible for determining the remuneration of the Management Board. The members of the Management Board are compensated according to performance. This compensation consists of a fixed and a variable element (bonus). A target remuneration figure is agreed for the fixed component and the bonus, which is regularly reviewed. The last review was made in fiscal year 2014. The fixed remuneration component is paid monthly as a salary. The size of the bonus depends on reaching certain, fixed financial targets agreed at the beginning of the fiscal year. These targets are based mainly on the sales and earnings figures. The target attainment corridor is generally between 90% to 120%. No bonus is paid below 90% of the agreed target and the bonus calculation ends at 120% of the agreed target. No subsequent amendment of the performance targets is allowed. There is no minimum guaranteed bonus. Payment is made after the annual financial statements have been adopted by the Supervisory Board. In fiscal year 2014, preliminary remuneration of € 1,543k was agreed for the Management Board (prior-year: € € 1,522k). Of this total, € 900k or 59% was fixed and € 643k or 42% variable.

There are no retirement benefits from the company to members of the Management Board.

Stock Appreciation Right (SARs) refer to the company's commitment to pay the beneficiary a cash amount equivalent to the difference between the share price on the date of granting the option (strike price) and the share price on exercising the option. The exercise hurdle is 120% of the share price of the average closing price in electronic trading (Xetra) of the Frankfurt Stock Exchange over the ten days preceding issuance of the option. Payment of value growth to the entitled person is limited to 100% of the strike price.

An SAR corresponds to a virtual subscription right for one share of United Internet AG. However, it is not a share right and thus not a (genuine) option to acquire shares of United Internet AG. The company retains the right, however, to fulfill its commitment to pay the SAR in cash by also transferring United Internet AG shares from its stock of treasury shares to the beneficiary, at its own discretion.

Up to 25% of the option right may be converted at the earliest 24 months after the date of issue of the option; up to 50% at the earliest 36 months after the date of issue of the option. A total of up to 75% may be exercised at the earliest 48 months after the date of issue of the option; the full amount may be exercised at the earliest 60 months after the date of issue of the option.

In fiscal years 2008 and 2009, Mr. Norbert Lang was granted 800,000 virtual stock options each year (so-called Stock Appreciation Rights or SARs) at an exercise price of € 12.85 and € 5.52. At the time these virtual stock options were issued, the fair values amounted to € 2,384k and € 1,104k. Mr. Norbert Lang exercised 200,000 subscription rights in fiscal year 2014 at a strike price of € 5.52 each.

In fiscal year 2013, Mr. Robert Hoffmann was granted 1,000,000 SARs at an exercise price of € 16.06. At the time these virtual stock options were issued, the fair values amounted to € 2,060k. The fair values at the time of issue of subscription rights not exercised which were granted to Mr. Robert Hoffmann by 1&1 Internet AG in previous years and at the time of his appointment to the Management Board amounted to € 1,738k on January 1, 2013. The exercise prices lie between € 6.07 and € 12.85.

United Internet AG entered into these obligations on January 1, 2013. The intrinsic value of the 750,000 SARs at this time amounted to € 4,295k. In the fiscal year 2014, Mr. Robert Hoffmann exercised 150,000 of the subscription rights granted in previous years at a strike price of € 8.96 and 75,000 subscription rights at a strike price of € 12.03.

The following table provides details on the compensation received by members of the Management Board (€k):

2014	Fixed €k	Variable €k	Total €k
Ralph Dommermuth	300	247	547
Robert Hoffmann	300	200	500
Norbert Lang	300	196	496
	900	643	1,543

Mr. Jan Oetjen and Mr. Martin Witt receive salaries from subsidiaries of United Internet AG.

2013	Fixed €k	Variable €k	Total €k
Ralph Dommermuth	300	237	537
Robert Hoffmann	300	198	498
Norbert Lang	300	187	487
	900	622	1,522

In fiscal year 2013, the Supervisory Board of United Internet AG consisted of the following members:

Kurt Dobitsch, chair,
Chairman of the Supervisory Board of United Internet AG, Markt Schwaben

Kai-Uwe Ricke
Chairman of the Board of Directors of Delta Partners, Dubai, Emirate of Dubai, Stallikon / Switzerland

Michael Scheeren, deputy chair
Member of the Supervisory Board of United Internet AG, Frankfurt am Main

In fiscal year 2014, the members of the Supervisory Board also held seats on supervisory boards or similar committees of the following companies:

Kurt Dobitsch

1&1 Internet AG, Montabaur
United Internet Ventures AG, Montabaur (chair)
1&1 Telecommunication AG, Montabaur
GMX & WEB.DE Mail & Media SE, Montabaur (from February 20, 2014 to March 16, 2015)
1&1 Telecommunication Holding SE, Montabaur (from February 21, 2014 to March 16, 2015)
United Internet Mail & Media SE, Montabaur (formerly Atrium 69. Europäische VV SE, Berlin), (from December 4, 2014 to March 16, 2015)
United Internet Service SE, Montabaur (formerly Atrium 73. Europäische VV SE, Frankfurt am Main) (from December 4, 2014 to March 16, 2015)
Nemetschek AG, Munich (chair)
Bechtle AG, Gaildorf
Graphisoft S.E., Budapest / Hungary
Singhammer IT Consulting AG, Munich
Vectorworks Inc., Columbia / USA (since June 11, 2014)

Kai-Uwe Ricke

1&1 Internet AG, Montabaur
United Internet Ventures AG, Montabaur
1&1 Telecommunication AG, Montabaur
GMX & WEB.DE Mail & Media SE, Montabaur (since February 20, 2014)
1&1 Telecommunication Holding SE, Montabaur (since February 21, 2014)
United Internet Mail & Media SE, Montabaur (formerly Atrium 69. Europäische VV SE, Berlin) (from December 4, 2014 to March 16, 2015)
United Internet Service SE, Montabaur (formerly Atrium 73. Europäische VV SE, Frankfurt am Main) (from December 4, 2014 to March 16, 2015)
SUSI Partners AG, Zurich / Switzerland
euNetworks Group Ltd., Singapore / Singapore
Delta Partners, Dubai / Emirate of Dubai (chair)
Zalando SE, Berlin (since June 3, 2014)
Virgin Mobile CEE, Amsterdam / Netherlands (since September 12, 2014)

Michael Scheeren

1&1 Internet AG, Montabaur (chair)
United Internet Ventures AG, Montabaur
1&1 Telecommunication AG, Montabaur (chair)
GMX & WEB.DE Mail & Media SE, Montabaur (chair) (since February 20, 2014)
1&1 Telecommunication Holding SE, Montabaur (chair) (since February 21, 2014)
United Internet Mail & Media SE, Montabaur (formerly Atrium 69. Europäische VV SE, Berlin) (chair) (from December 4, 2014 to March 16, 2015)
United Internet Service SE, Montabaur (formerly Atrium 73. Europäische VV SE, Frankfurt am Main) (chair) (from December 4, 2014 to March 16, 2015)
Sedo Holding AG, Montabaur (chair) (until July 14, 2014)
Goldbach Group AG, Küsnacht-Zurich / Switzerland
Lottowelt AG, Düsseldorf (from September 4, 2014 to January 26, 2015)

The members of the Supervisory Board receive compensation consisting of a fixed element and a variable element which depends on the company's success. The fixed remuneration for an ordinary member of the Supervisory Board amounts to € 10k per full fiscal year. The chairman of the Supervisory Board receives the double amount. The variable element for each member of the Supervisory Board, including the chairman, amounts to € 1k for every cent which exceeds the consolidated earnings per share (EPS) value of € 0.60 for United Internet AG, calculated according to IFRS.

In addition, each member of the Supervisory Board shall receive for fiscal year 2013 and 2014 remuneration of € 500 per starting percentage point by which EPS in the past fiscal year exceeds the EPS of the fiscal year completed 3 years previously, limited to a maximum of € 10k per fiscal year.

The recommendations of the German Corporate Governance Code regarding the remuneration system for supervisory boards have changed since the last compensation resolution of the Annual Shareholders' Meeting of United Internet AG on June 2, 2010. The German Corporate Governance Code now recommends that supervisory board members receive only a fixed compensation in order to strengthen their independence and that variable compensation should no longer be granted. Against this backdrop, the Supervisory Board and Management Board will present to the Annual Shareholders' Meeting to be held on May 21, 2015, a new compensation system which is fully compliant with the latest German Corporate Governance Code. It comprises a fixed annual remuneration component and an attendance fee per meeting.

Against the background of the planned new remuneration system, the Supervisory Board of United Internet AG has opted for voluntary self-restraint in its compensation for 2014 based on the amounts of the previous year.
The following table provides details on the compensation received by members of the Supervisory Board of United Internet AG (€k):

2014	Fixed €k	Variable €k	Total €k
Kurt Dobitsch	20	57	77
Kai-Uwe Ricke	10	57	67
Michael Scheeren	10	57	67
	40	171	211

2013	Fixed €k	Variable €k	Total €k
Kurt Dobitsch	20	57	77
Kai-Uwe Ricke	10	57	67
Michael Scheeren	10	57	67
	40	171	211

There are no subscription rights or share-based payments for members of the Supervisory Board.

Contingent liabilities

The company is jointly and severally liable for a credit line granted by banks to companies of the United Internet Group. As of the balance sheet date, the credit facility was used for credit guaranties of € 11,929k, while no credit line drawings were made. With regard to other bank liabilities, reference is made to the explanations under “Liabilities”.

Due to the stable business position of the borrowing subsidiaries of the United Internet Group, the risk involved in the contingent liabilities is currently regarded as very low.

Disclosures to derivative financial instruments

In the fiscal year 2011, four interest swaps were concluded with a total nominal amount of € 180,000k to hedge against the interest risk. The agreements had terms until June 7, 2016. A hedge was formed with the underlying transaction (financial loans) pursuant to Sec. 254 HGB for these hedging transactions. Due to the use of the “net hedge presentation method” ("Einfrierungsmethode"), the negative market value was not recognized.

Against the backdrop of a new syndicated loan signed in August 2014 and the resulting elimination of the underlying transaction, the interest hedging agreements were prematurely terminated on 21 November 2014 on payment of an amount equal to the negative market value of € 6,723k. As a result of the termination of this evaluation unit, the amount was expensed at the time of premature termination.

Transactions with related parties

In the period under review, no transactions were made with related parties at non-standard market conditions.

Publication of voting right announcements acc. to Sec. 26 WpHG

Please refer to Appendix 3 of the Notes for details on voting rights disclosures.

Events after the balance sheet date

There were no significant events which took place after the balance sheet date.

Auditing and consulting fees

Total auditing and consulting fees charged for the fiscal year are not disclosed as they are included in the details provided in the consolidated financial statements of United Internet AG.

Corporate Governance Code

The declaration of conformity with the German Corporate Governance Code acc. to Sec. 161 AktG was filed by the Management Board and Supervisory Board and is available to shareholders via the internet portal of United Internet AG (www.united-internet.de).

Montabaur, March 20, 2015

The Management Board

Ralph Dommermuth	Robert Hoffmann	Norbert Lang	Jan Oetjen	Martin Witt

United Internet AG

Development of Fixed Assets from January 1, 2014 to December 31, 2014

	Acquisition and production costs (€k)					Accumulated Depreciation (€k)				Net book value (€k)	
	1/1/2014	Additions	Disposals	Reclassifications	12/31/2014	1/1/2014	Additions	Disposals	12/31/2014	12/31/2014	12/31/2013
Intangible assets											
Licenses	150		150		0	147		147	0	0	3
Software	714		714		0	684		684	0	0	30
Total (I)	**864**	**0**	**864**	**0**	**0**	**831**	**0**	**831**	**0**	**0**	**33**
Property, plant and equipment											
Operational equipment	971	81	1,331	317	38	948	4	914	38	0	23
Office equipment	585		536		49	582		533	49	0	3
Improvements	115	259	390	16	0	110	11	121	0	0	5
Vehicles	418	68	301		185	235	53	236	52	133	183
Low-cost assets	6		6		0	4		4	0	0	2
Payments in advance	333			-333	0	0			0	0	333
Total (II)	**2,428**	**408**	**2,564**	**0**	**272**	**1,879**	**68**	**1,808**	**139**	**133**	**549**
Financial assets											
Shares in affiliated companies	1,097,626	176,533	59,658		1,214,501	0			0	1,214,501	1,097,626
Loans to affiliated companies	1,750	1,036,000	450		1,037,300	0			0	1,037,300	1,750
Total (III)	**1,099,376**	**1,212,533**	**60,108**	**0**	**2,251,801**	**0**	**0**	**0**	**0**	**2,251,801**	**1,099,376**
Total	**1,102,668**	**1,212,941**	**63,536**	**0**	**2,252,073**	**2,710**	**68**	**2,639**	**139**	**2,251,934**	**1,099,958**

United Internet AG, Montabaur

Statement of investments as of December 31, 2014

	Capital share in %	Company equity as of Dec. 31, 2014 T€	Net income / loss FY 2014 T€
Shares held directly			
1&1 Internet AG, Montabaur (1)	100.00	916,301	0
1&1 Telecommunication Holding SE, Montabaur, formerly Atrium 64. Europäische VV SE, Berlin (9)	100.00	176,256	0
1&1 Internet Service Holding GmbH, Montabaur (1)	100.00	25	0
1&1 Telecom Service Holding Montabaur GmbH, Montabaur (1)	100.00	25	0
United Internet Corporate Services GmbH, Montabaur (1)	100.00	25	0
MIP Multimedia Internet Park GmbH, Zweibrücken	100.00	785	-34
United Internet Ventures AG, Montabaur, Montabaur (1)	100.00	128,439	0
United Internet Mail & Media SE, Montabaur, formerly Atrium 69. Euopäische VV SE, Berlin	100.00	120	0
United Internet Service SE, Montabaur, formerly Atrium 73. Euopäische VV SE, Frankfurt am Main	100.00	120	0
Shares held indirectly			
1&1 Berlin Telecom Service GmbH, Berlin (9)	100.00	25	0
1&1 Breitband GmbH, Montabaur	100.00	1	-7
1&1 Cardgate LLC, Chesterbrook / USA	100.00	1	0
1&1 Datacenter SAS, Strasbourg / France	100.00	1,143	154
1&1 Internet Development SRL, Bucharest / Romania	100.00	4,221	1,846
1&1 Internet Ltd., Slough / UK	100.00	10,842	10,464
1&1 Internet S.A.R.L., Saargemünd / France	100.00	42	1,117
1&1 Internet Inc., Chesterbrook / USA	100.00	13,163	4,235
1&1 Internet Espana S.L.U, Madrid / Spain	100.00	984	639
1&1 Internet Service GmbH, Montabaur (1)	100.00	343	0
1&1 Internet (Philippines) Inc., Cebu City / Philippines	100.00	664	174
1&1 Internet Sp.z o.o, Warsaw / Poland	100.00	117	28
1&1 Logistik GmbH, Montabaur (9)	100.00	25	0
1&1 Mail & Media Inc., Chesterbrook / USA	100.00	4,645	250
1&1 Telecom GmbH, Montabaur	100.00	160,910	160,884
1&1 Telecom Holding GmbH, Montabaur	100.00	847,499	-3,799
1&1 Telecom Sales GmbH, Montabaur (9)	100.00	25	0
1&1 Telecom Service Montabaur GmbH, Montabaur	100.00	194	143
1&1 Telecom Service Zweibrücken GmbH, Zweibrücken (2)	100.00	25	0
1&1 Telecommunication AG, Montabaur (1)	100.00	59,658	0
1&1 UK Holdings Ltd., Slough / UK	100.00	81,509	-26
A1 Marketing, Kommunikation und neue Medien GmbH, Montabaur (1)	100.00	31	0
A1 Media USA LLC, Chesterbrook / USA	100.00	21	636
Arsys Internet S.L., Logrono / Spain	100.00	102,802	6,327
E.U.R.L. Arsys Internet, Perpignan / France	100.00	-5	-130
Nicline Internet S.L.U., Logroño / Spain	100.00	242	135
Tesys Internet S.L., Logroño / Spain	100.00	1,044	236
Dollamore Ltd., Gloucester / UK	100.00	3,439	1,263
Fast Recruitment Ltd., Gloucester / UK (3)	100.00	n/a	n/a
Fasthosts Internet Ltd., Gloucester / UK	100.00	9,628	1,543
Fasthosts Internet Inc., Chesterbrook / USA (10)	100.00	317	n/a
General Media Xervices GMX S.L., Madrid / Spain (3)	100.00	n/a	n/a
GMX Italia S.r.l., Milan / Italy (3)	100.00	n/a	n/a
GMX & WEB.DE Mail & Media SE, Montabaur, formerly Atrium 61. Europäische VV SE, Munich (9)	100.00	968,566	49
1&1 De-Mail GmbH, Montabaur (1)	100.00	25	0
1&1 Mail & Media Development & Technology GmbH, Montabaur, formerly 1&1 Mail & Media Beteiligungen GmbH, Montabaur (1)	100.00	955	0
1&1 Mail & Media GmbH, Montabaur (1)	100.00	212,665	0
1&1 Mail & Media Holding GmbH, Montabaur (1)	100.00	913,442	0
1&1 Mail & Media Service GmbH, Montabaur, formerly United Internet Media Software GmbH, Montabaur (1)	100.00	25	0
affilinet GmbH, Munich (4)	100.00	3,334	0
affilinet Ltd., London / UK	100.00	615	7,055
affilinet Nederland B.V., Haarlem / Netherlands	100.00	221	27
affilinet Espana S.L.U., Madrid / Spain	100.00	188	25
affilinet France SAS, Saint-Denis / France	100.00	-666	1,962
affilinet Austria GmbH, Vienna / Austria	100.00	44	6
affilinet Switzerland GmbH, Zurich / Switzerland	100.00	42	20
Cleafs B.V. Groningen, Netherlands	100.00	-197	15
United Internet Media GmbH, Montabaur (1)	100.00	50	0
United Internet Dialog GmbH, Montabaur (1)	100.00	25	0
United Internet Media Austria GmbH, Vienna / Austria	100.00	179	23
Immobilienverwaltung AB GmbH, Montabaur	100.00	578	79
Immobilienverwaltung NMH GmbH, Montabaur	100.00	210	55
Sedo Holding GmbH, Montabaur	100.00	17,583	31,589
Sedo GmbH, Cologne (4)	100.00	13,428	0
Sedo.com LLC, Boston / USA	100.00	2,405	-89
DomCollect International GmbH, Montabaur (4)	100.00	25	0
DomCollect Worldwide Intellectual Property AG, Zug / Switzerland	100.00	-2,812	-259
united-domains AG, Starnberg	100.00	8,843	8,411
united-domains Reselling GmbH, Starnberg (5)	100.00	25	0
United Domains, Inc., Cambridge / USA	100.00	163	1,706
Versatel Telecommunications GmbH, Düsseldorf	100.00	215,886	-12,571
Versatel GmbH, Berlin (12)	100.00	132,664	0
Versatel Beteiligungs GmbH, Düsseldorf	100.00	21	0
Versatel Deutschland GmbH, Düsseldorf (13)	100.00	298,457	0
Versatel Hanse GmbH, Munich (13)	100.00	21,933	0
Versatel Holding GmbH, Berlin (13)	100.00	151,637	0
Versatel Immobilien Verwaltungs GmbH, Düsseldorf	100.00	-4,005	-7
Versatel Service BreisNet GmbH & Co. KG, Düsseldorf	100.00	2	-2
Versatel Service Nord GmbH & Co. KG, Düsseldorf	100.00	2	-2
Versatel Service Ost GmbH & Co. KG, Düsseldorf	100.00	2	-2
Versatel Service Süd GmbH & Co. KG, Düsseldorf	100.00	2	-2
Versatel Service West GmbH & Co. KG, Düsseldorf	100.00	2	-2
TROPOLYS Netz GmbH, Düsseldorf	100.00	-32,598	-42
TROPOLYS Service GmbH, Düsseldorf (13)	100.00	-20,234	0
InterNetX GmbH, Regensburg (7)	95.56	12,818	6,749
InterNetX LAC S.A., Buenos Aires / Argentina (16)	100.00	9	1
myLLC GmbH, Regensburg (16)	100.00	16	-3
myLLP GmbH, Regensburg (16)	100.00	16	-3
mySRL GmbH, Regensburg (16)	100.00	16	-3
InterNetX Corp., Miami / USA (3, 16)	100.00	n/a	n/a
TLDDOT GmbH, Berlin (16)	53.50	102	-23
Domain Robot Enterprises Inc., Vancouver / Canada (3, 16)	100.00	n/a	n/a
Domain Robot Servicos de Hospedagem na Internet Ltda., Sao Paulo / Brazil (16)	99.99	6	-59
PSI-USA, Inc., Las Vegas / USA (16)	100.00	490	15
Schlund Technologies GmbH, Regensburg (6, 16)	100.00	25	0

United Internet AG, Montabaur

Statement of investments as of December 31, 2014

	Capital share in %	Company equity as of Dec. 31, 2014 T€	Net income / loss FY 2014 T€
Intellectual Property Management Company Inc., Dover (Delaware) / USA	49.00	-118	101
DomainsBot S.r.l, Rome / Italy	49.00	819	426
Virtual Minds AG, Freiburg (14)	48.65	5,492	160
uberall GmbH, Berlin (formerly Favor it.labs, Berlin) (15)	30.36	--	--
ProfitBricks GmbH, Berlin (8)	30.02	-12,512	-6,850
Open-Xchange AG, Nuremberg (14)	28.36	17,853	-247
VictorianFibre Holding & Co. S.C.A, Luxembourg (8,10)	25.10	235,561	-89
ePages GmbH, Hamburg (11)	25.10	3,053	68
Afilias Ltd., Dublin / Ireland	< 20,00	--	--
Goldbach Group AG, Küsnacht-Zurich / Switzerland	< 20,00	--	--
Hi-media S.A., Paris / France	< 20,00	--	--
MMC Investments Holding Company Ltd., Port Louis / Mauritius	< 20,00	--	--
Rocket Internet AG, Berlin	< 20,00	--	--

(1) profit transfer to United Internet AG (direct/indirect)
(2) profit transfer to 1&1 Telecom Service Montabaur GmbH
(3) no operating business
(4) profit transfer to SEDO Holding GmbH (direct/indirect)
(5) profit transfer to united-domains AG
(6) profit transfer to InterNetX GmbH, Regensburg
(7) before dividends
(8) based on published figures as of December 31, 2013
(9) loss assumption by United Internet AG (direct/indirect)
(10) in liquidation
(11) based on published figures as of June 30, 2014
(12) after loss assumption by Versatel Telecommunications GmbH
(13) profit transfer to Versatel GmbH (direct/indirect)
(14) based on published figures as of December 31, 2012
(15) operating business only recently commenced, no published figures available
(16) shares held via InterNetX GmbH

Publication of voting right announcements acc. to Sec. 26 WpHG

Publication on December 22, 2009
In accordance with Sec. 21 (1) WpHG, Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft, Montabaur, Germany, has informed us that its proportion of voting rights in United Internet AG, Montabaur, exceeded the threshold of 30% due to a reduction in the total number of voting rights as of December 21, 2009, and amounted to 31.00% on this day (74,400,000 voting rights). Of this amount, 1.67% of voting rights (4,000,000 voting rights) are attributable to Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft according to Sec. 22 (1) Sentence 1 No. 1 WpHG.

In accordance with Sec. 21 (1) WpHG, Ralph Dommermuth Verwaltungs GmbH, Montabaur, Germany, has informed us that its proportion of voting rights in United Internet AG, Montabaur, exceeded the threshold of 30% due to a reduction in the total number of voting rights as of December 21, 2009, and amounted to 31.00% on this day (74,400,000 voting rights). Of this amount, 31.00% of voting rights (74,000,000 voting rights) are attributable to Ralph Dommermuth Verwaltungs GmbH according to Sec. 22 (1) Sentence 1 No. 1 WpHG. Voting rights attributed to Ralph Dommermuth Verwaltungs GmbH are held by the following companies it controls, whose voting rights in United Internet AG amounted to 3% or more: Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft.

Publication on March 26, 2013
On March 22, 2013, RD Holding-Verwaltungs GmbH, Montabaur, Germany, informed us according to Sec. 21 (1) WpHG of the following:

In accordance with Sec. 21 (1) WpHG, we hereby inform you that the voting rights of RD Holding-Verwaltungs GmbH, Montabaur, Germany, in United Internet AG, Elgendorfer Str. 57, 56410 Montabaur, Germany, exceeded the 5%, 10%, 15%, 20%, 25% and 30% thresholds on March 21, 2013 and on this day amount to 45.36% (88,000,000 voting rights). According to Sec. 22 (1) Sentence 1 No. 1 WpHG, 4.12% (8,000,000 voting rights) are attributable to RD Holding-Verwaltungs GmbH and according to Sec. 22 (2) WpHG 41.24% (80,000,000 voting rights) are attributable. The name of the company it controls, of which 3% or more are attributed, is as follows:

- RD Holding GmbH & Co. KG.

The name of the shareholder whose shares are attributed 3% or more is as follows:

- Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft.

On March 22, 2013, RD Holding GmbH & Co. KG, Montabaur, Germany, informed us according to Sec. 21 (1) WpHG of the following:

In accordance with Sec. 21 (1) WpHG, we hereby inform you that the voting rights of RD Holding GmbH & Co. KG, Montabaur, Germany, in United Internet AG, Elgendorfer Str. 57, 56410 Montabaur, Germany, exceeded the 5%, 10%, 15%, 20%, 25% and 30% thresholds on March 21, 2013 and on this day amount to 45.36% (88,000,000 voting rights). According to Sec. 22 (2), 41.24% (80,000,000 voting rights) are attributable to RD Holding GmbH & Co. KG. Voting rights are attributable to the following shareholder whose voting rights in United Internet AG exceed 3%:

- Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft.

On March 22, 2013, RD Holding-Verwaltungs GmbH, Montabaur, Germany, informed us according to Sec. 27a (1) WpHG of the following in connection with the exceeding or reaching of the 10% threshold or a higher threshold on March 21, 2013:

Objectives of purchasing the voting rights (Sec. 27a (1) Sentence 1 and Sentence 3 WpHG)

The acquisition was made by attribution in the course of an internal restructuring and serves neither the implementation of strategic objectives nor the generation of trading profits.

RD Holding-Verwaltungs GmbH does not intend to acquire further voting rights in United Internet AG via purchase or other means within the next twelve months.

RD Holding-Verwaltungs GmbH is not seeking to influence the composition of administrative, management or supervisory bodies of United Internet AG.

RD Holding-Verwaltungs GmbH is not seeking to significantly alter the company's capital structure, especially with regard to the ratio between equity and debt or its dividend policy.

Source of funds used for voting rights (Sec. 27a (1) Sentence 1 and Sentence 4 WpHG)

The acquisition of voting rights was made by attribution acc. to Sec. 22 (1) Sentence 1 No. 1 WpHG as well as Sec. 22 (2) WpHG. With regard to the purchase of voting rights in United Internet AG, no equity or debt was therefore used.

On March 22, 2013, RD Holding GmbH & Co. KG, Montabaur, Germany informed us according to Sec. 27a (1) WpHG of the following in connection with the exceeding or reaching of the 10% threshold or a higher threshold on March 21, 2013:

1. Objectives of purchasing the voting rights (Sec. 27a Abs. 1 Sentence 1 and Sentence 3 WpHG)

a- The acquisition was made by attribution in the course of an internal restructuring and serves neither the implementation of strategic objectives nor the generation of trading profits.

b- RD Holding GmbH & Co. KG does not intend to acquire further voting rights in United Internet AG via purchase or other means within the next twelve months.

c- RD Holding GmbH & Co. KG is not seeking to influence the composition of administrative, management or supervisory bodies of United Internet AG.

d- RD Holding GmbH & Co. KG is not seeking to significantly alter the company's capital structure, especially with regard to the ratio between equity and debt or its dividend policy.

2. Source of funds used for voting rights (Sec. 27a (1) Sentence 1 and Sentence 4 WpHG)

The acquisition of voting rights was made by attribution acc. to Sec. 22 (1) Sentence 1 No. 1 WpHG as well as Sec. 22 (2) WpHG. With regard to the purchase of voting rights in United Internet AG, no equity or debt was therefore used.

Publication on July 31, 2013
On July 30, 2013, BlackRock, Inc., New York, New York, USA, informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights in United Internet AG, Montabaur, Germany, exceeded the 3% threshold of voting rights on July 26, 2013 and on that day amounted to 3.02% (corresponding to 5,855,172 voting rights). According to Sec. 22 (1) Sentence 1, No. 6 in conjunction with Sec. 22 (1) Sentence 2 of the WpHG, 3.02% of voting rights (corresponding to 5,855,172 voting rights) are attributable to the company.

Publication on November 11, 2013
On November 4, 2013, Mr. Ralph Dommermuth, Germany, informed us according to Sec. 21 (1) of the WpHG that via shares his voting rights in United Internet AG, Montabaur, Germany, exceeded the 50% threshold of voting rights on October 18, 2011 and on that day amounted to 50.25% (corresponding to 108,029,511 voting rights of a total of 215,000,000 voting rights). Of this total, 42.06% of voting rights (corresponding to 90,429,511 voting rights) were attributable to him acc. to Sec. 22 (1), Sentence 1, No. 1 WpHG.

- Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft
- Ralph Dommermuth Verwaltungs GmbH
- United Internet AG

On November 4, 2013, Mr. Ralph Dommermuth, Germany, informed us according to Sec. 21 (1) of the WpHG that via shares his voting rights in United Internet AG, Montabaur, Germany, fell below the 50% threshold of voting rights on January 8, 2013 and on that day amounted to 46.83% (corresponding to 93,662,202 voting rights of a total of 200,000,000). Of this total, 46.83% of voting rights (corresponding to 93,662,202 voting rights) were attributable to him acc. to Sec. 22 (1), Sentence 1, No. 1 WpHG. The attributed voting rights are held by the following companies which he controls, whose share of voting rights in United Internet AG is equal to or more than 3%:

- Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft
- Ralph Dommermuth Verwaltungs GmbH
- RD Holding GmbH & Co. KG - RD Holding-Verwaltungs GmbH

Publication on April 16, 2014
On April 15, 2014, Allianz Global Investors Europe GmbH, Frankfurt am Main, Germany, informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights in United Internet AG, Montabaur, Germany, fell below the 3% threshold of voting rights on April 14, 2014 and on that day amounted to 2.998% (corresponding to 5,817,847 voting rights). According to Sec. 22 (1) Sentence 1, No. 6 of the WpHG, 1.28% of voting rights (corresponding to 2,484,049 voting rights) are attributable to the company.

Publication on May 12, 2014
On May 9, 2014, Allianz Global Investors Europe GmbH, Frankfurt am Main, Germany, informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights in United Internet AG, Montabaur, Germany, exceeded the 3% threshold of voting rights on May 8, 2014 and on that day amounted to 3.002% (corresponding to 5,825,289 voting rights). According to Sec. 22 (1) Sentence 1, No. 6 of the WpHG, 1.27% of voting rights (corresponding to 2,470,891 voting rights) are attributable to the company.

Publication on July 24, 2014
On July 23, 2014, Deutsche Asset & Wealth Management Investment GmbH, Frankfurt am Main, Germany, informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights in United Internet AG, Montabaur, Germany, fell below the 3% threshold of voting rights on July 21, 2014 and on that day amounted to 2.999% (corresponding to 5,818,109 voting rights). According to Sec. 22 (1) Sentence 1, No. 6 of the WpHG 0.390% of voting rights (corresponding to 755,778 voting rights) are attributable to the company.

Publication on September 25, 2014
On September 22, 2014, J.P. Morgan Securities plc, London, United Kingdom has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have exceeded the 3% and 5% threshold of the Voting Rights on September 17, 2014 and on that day amounted to 5.38% (this corresponds to 11,030,323 Voting Rights).

On September 22, 2014, J.P. Morgan Chase International Holdings, London, United Kingdom has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have exceeded the 3% and 5% threshold of the Voting Rights on September 17, 2014 and on that day amounted to 5.38% (this corresponds to 11,030,323 Voting Rights).

5.38% of Voting Rights (this corresponds to 11,030,323 Voting Rights) are attributed to the company in accordance with section 22, para. 1, sentence 1, no. 1 of the WpHG. Attributed Voting Rights are held by the following companies under its control, whose share of the Voting Rights in United Internet AG amounts to 3% or more: J.P. Morgan Securities plc.

On September 22, 2014, J.P. Morgan Chase (UK) Holdings Limited, London, United Kingdom has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have exceeded the 3%

and 5% threshold of the Voting Rights on September 17, 2014 and on that day amounted to 5.38% (this corresponds to 11,030,323 Voting Rights).

5.38% of Voting Rights (this corresponds to 11,030,323 Voting Rights) are attributed to the company in accordance with section 22, para. 1, sentence 1, no. 1 of the WpHG. Attributed Voting Rights are held by the following companies under its control, whose share of the Voting Rights in United Internet AG amounts to 3% or more: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings.

On September 22, 2014, J.P. Morgan Capital Holdings Limited, London, United Kingdom has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have exceeded the 3% and 5% threshold of the Voting Rights on September 17, 2014 and on that day amounted to 5.38% (this corresponds to 11,030,323 Voting Rights).

5.38% of Voting Rights (this corresponds to 11,030,323 Voting Rights) are attributed to the company in accordance with section 22, para. 1, sentence 1, no. 1 of the WpHG. Attributed Voting Rights are held by the following companies under its control, whose share of the Voting Rights in United Internet AG amounts to 3% or more: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited.

On September 22, 2014, J.P. Morgan International Finance Limited, Newark, Delaware, USA has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have exceeded the 3% and 5% threshold of the Voting Rights on September 17, 2014 and on that day amounted to 5.38% (this corresponds to 11,030,323 Voting Rights).

5.38% of Voting Rights (this corresponds to 11,030,323 Voting Rights) are attributed to the company in accordance with section 22, para. 1, sentence 1, no. 1 of the WpHG. Attributed Voting Rights are held by the following companies under its control, whose share of the Voting Rights in United Internet AG amounts to 3% or more: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited.

On September 22, 2014, Bank One International Holdings Corporation, Chicago, Illinois, USA has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have exceeded the 3% and 5% threshold of the Voting Rights on September 17, 2014 and on that day amounted to 5.38% (this corresponds to 11,030,323 Voting Rights).

5.38% of Voting Rights (this corresponds to 11,030,323 Voting Rights) are attributed to the company in accordance with section 22, para. 1, sentence 1, no. 1 of the WpHG. Attributed Voting Rights are held by the following companies under its control, whose share of the Voting Rights in United Internet AG amounts to 3% or more: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited, J.P. Morgan International Finance Limited.

On September 22, 2014, J.P. Morgan International Inc, New York, New York, USA has informed us according to section 21, para. 1 of the WpHG that via shares its Voting

Rights on United Internet AG, Montabaur, Germany, have exceeded the 3% and 5% threshold of the Voting Rights on September 17, 2014 and on that day amounted to 5.38% (this corresponds to 11,030,323 Voting Rights).

5.38% of Voting Rights (this corresponds to 11,030,323 Voting Rights) are attributed to the company in accordance with section 22, para. 1, sentence 1, no. 1 of the WpHG. Attributed Voting Rights are held by the following companies under its control, whose share of the Voting Rights in United Internet AG amounts to 3% or more: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation.

On September 22, 2014, JPMorgan Chase Bank, National Association, Columbus, Ohio, USA has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have exceeded the 3% and 5% threshold of the Voting Rights on September 17, 2014 and on that day amounted to 5.38% (this corresponds to 11,030,323 Voting Rights).

5.38% of Voting Rights (this corresponds to 11,030,323 Voting Rights) are attributed to the company in accordance with section 22, para. 1, sentence 1, no. 1 of the WpHG. Attributed Voting Rights are held by the following companies under its control, whose share of the Voting Rights in United Internet AG amounts to 3% or more: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation, J.P. Morgan International Inc.

On September 22, 2014, JPMorgan Chase & Co., New York, New York, USA has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have exceeded the 3% and 5% threshold of the Voting Rights on September 17, 2014 and on that day amounted to 5.38% (this corresponds to 11,034,121 Voting Rights).

5.38% of Voting Rights (this corresponds to 11,030,323 Voting Rights) are attributed to the company in accordance with section 22, para. 1, sentence 1, no. 1 of the WpHG.

0.00% (this corresponds to 3,798 Voting Rights) are attributed to the company in accordance with section 22, para. 1, sentence 1, no. 5 in connection with sentence 2 of the WpHG.

Attributed Voting Rights are held by the following companies under its control, whose share of the Voting Rights in United Internet AG amounts to 3% or more: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation, J.P. Morgan International Inc, JPMorgan Chase Bank, National Association.

On September 22, 2014, J.P. Morgan Securities plc, London, United Kingdom has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have fallen below the 5% and 3%

threshold of the Voting Rights on September 19, 2014 and on that day amounted to 0.00% (this corresponds to 0 Voting Rights).

On September 22, 2014, J.P. Morgan Chase International Holdings, London, United Kingdom has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have fallen below the 5% and 3% threshold of the Voting Rights on September 19, 2014 and on that day amounted to 0.00% (this corresponds to 0 Voting Rights).

On September 22, 2014, J.P. Morgan Chase (UK) Holdings Limited, London, United Kingdom has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have fallen below the 5% and 3% threshold of the Voting Rights on September 19, 2014 and on that day amounted to 0.00% (this corresponds to 0 Voting Rights).

On September 22, 2014, J.P. Morgan Capital Holdings Limited, London, United Kingdom has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have fallen below the 5% and 3% threshold of the Voting Rights on September 19, 2014 and on that day amounted to 0.00% (this corresponds to 0 Voting Rights).

On September 22, 2014, J.P. Morgan International Finance Limited, Newark, Delaware, USA has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have fallen below the 5% and 3% threshold of the Voting Rights on September 19, 2014 and on that day amounted to 0.00% (this corresponds to 0 Voting Rights).

On September 22, 2014, Bank One International Holdings Corporation, Chicago, Illinois, USA has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have fallen below the 5% and 3% threshold of the Voting Rights on September 19, 2014 and on that day amounted to 0.00% (this corresponds to 0 Voting Rights).

On September 22, 2014, J.P. Morgan International Inc, New York, New York, USA has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have fallen below the 5% and 3% threshold of the Voting Rights on September 19, 2014 and on that day amounted to 0.00% (this corresponds to 0 Voting Rights).

On September 22, 2014, JPMorgan Chase Bank, National Association, Columbus, Ohio, USA has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have fallen below the 5% and 3% threshold of the Voting Rights on September 19, 2014 and on that day amounted to 0.00% (this corresponds to 0 Voting Rights).

On September 22, 2014, JPMorgan Chase & Co., New York, New York, USA has informed us according to section 21, para. 1 of the WpHG that via shares its Voting Rights on United Internet AG, Montabaur, Germany, have fallen below the 5% and 3% threshold of the Voting Rights on September 19, 2014 and on that day amounted to 0.00% (this corresponds to 3,798 Voting Rights).

0.00% (this corresponds to 3,798 Voting Rights) are attributed to the company in accordance with section 22, para. 1, sentence 1, no. 5 in connection with sentence 2 of the WpHG.

We have received the following notifications of voting rights pursuant to sec. 25a WpHG on 22 September 2014:

Notification of voting rights pursuant to sec. 25a of the WpHG
1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
J.P. Morgan Securities plc, London, United Kingdom
3. Triggering event:
Exceeding threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
17 September 2014
6. Total amount of voting rights:
5.67% (equals: 11,618,989 voting rights)
7. Detailed information on the voting rights proportion:
7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.29% (equals: 588,666 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
7.3 Voting rights pursuant to sec. 21, 22 WpHG: 5.38% (equals: 11,030,323 voting rights)

8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG:
8.1 Chain of controlled undertakings: N/A
8.2

J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration

date 21/09/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
J.P. Morgan Chase International Holdings, London, United Kingdom
3. Triggering event:
Exceeding threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
17 September 2014
6. Total amount of voting rights:
5.67% (equals: 11,618,989 voting rights)
7. Detailed information on the voting rights proportion:
   7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.29% (equals: 588,666 voting rights), thereof held indirectly: 0.29% (equals: 588,666 voting rights)
   7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
   7.3 Voting rights pursuant to sec. 21, 22 WpHG: 5.38% (equals: 11,030,323 voting rights)

8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
   8.1 Chain of controlled undertakings: J.P. Morgan Securities plc
   8.2
J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany

2. Details of the company subject to the notification obligation (notifier):
J.P. Morgan Chase (UK) Holdings Limited, London, United Kingdom
3. Triggering event:

Exceeding threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
17 September 2014
6. Total amount of voting rights:
5.67% (equals: 11,618,989 voting rights)
7. Detailed information on the voting rights proportion:
   7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.29% (equals: 588,666 voting rights), thereof held indirectly: 0.29% (equals: 588,666 voting rights)
   7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
   7.3 Voting rights pursuant to sec. 21, 22 WpHG: 5.38% (equals: 11,030,323 voting rights)

8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
   8.1 Chain of controlled undertakings: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings
   8.2
J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
J.P. Morgan Capital Holdings Limited, London, United Kingdom
3. Triggering event:
Exceeding threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
17 September 2014
6. Total amount of voting rights:
5.67% (equals: 11,618,989 voting rights)
7. Detailed information on the voting rights proportion:

7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.29% (equals: 588,666 voting rights), thereof held indirectly: 0.29% (equals: 588,666 voting rights)
7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
7.3 Voting rights pursuant to sec. 21, 22 WpHG: 5.38% (equals: 11,030,323 voting rights)

8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
8.1 Chain of controlled undertakings: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited
8.2

J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
J.P. Morgan International Finance Limited, Newark, Delaware, USA
3. Triggering event:
Exceeding threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
17 September 2014
6. Total amount of voting rights:
5.67% (equals: 11,618,989 voting rights)
7. Detailed information on the voting rights proportion:
7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.29% (equals: 588,666 voting rights), thereof held indirectly: 0.29% (equals: 588,666 voting rights)
7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
7.3 Voting rights pursuant to sec. 21, 22 WpHG: 5.38% (equals:

11,030,323 voting rights)

8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
   8.1 Chain of controlled undertakings: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited
   8.2

J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
Bank One International Holdings Corporation, Chicago, Illinois, USA
3. Triggering event:
Exceeding threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
17 September 2014
6. Total amount of voting rights:
5.67% (equals: 11,618,989 voting rights)
7. Detailed information on the voting rights proportion:
   7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.29% (equals: 588,666 voting rights), thereof held indirectly: 0.29% (equals: 588,666 voting rights)
   7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
   7.3 Voting rights pursuant to sec. 21, 22 WpHG: 5.38% (equals: 11,030,323 voting rights)

8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
   8.1 Chain of controlled undertakings: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited, J.P. Morgan International Finance Limited

8.2
J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
J.P. Morgan International Inc, New York, New York, USA
3. Triggering event:
Exceeding threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
17 September 2014
6. Total amount of voting rights:
5.67% (equals: 11,618,989 voting rights)
7. Detailed information on the voting rights proportion:
   7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.29% (equals: 588,666 voting rights), thereof held indirectly: 0.29% (equals: 588,666 voting rights)
   7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
   7.3 Voting rights pursuant to sec. 21, 22 WpHG: 5.38% (equals: 11,030,323 voting rights)
8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
   8.1 Chain of controlled undertakings: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation
   8.2
J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration

date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
JPMorgan Chase Bank, National Association, Columbus, Ohio, USA
3. Triggering event:
Exceeding threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
17 September 2014
6. Total amount of voting rights:
5.67% (equals: 11,618,989 voting rights)
7. Detailed information on the voting rights proportion:
   7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.29% (equals: 588,666 voting rights), thereof held indirectly: 0.29% (equals: 588,666 voting rights)
   7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
   7.3 Voting rights pursuant to sec. 21, 22 WpHG: 5.38% (equals: 11,030,323 voting rights)
8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
   8.1 Chain of controlled undertakings: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation, J.P. Morgan International Inc.
   8.2
J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration

date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
JPMorgan Chase & Co, New York, New York, USA
3. Triggering event:
Exceeding threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
17 September 2014
6. Total amount of voting rights:
5.67% (equals: 11,622,787 voting rights)
7. Detailed information on the voting rights proportion:
   7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.29% (equals: 588,666 voting rights), thereof held indirectly: 0.29% (equals: 588,666 voting rights)
   7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
   7.3 Voting rights pursuant to sec. 21, 22 WpHG: 5.38% (equals: 11,034,121 voting rights)
8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
   8.1 Chain of controlled undertakings: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation, J.P. Morgan International Inc, J.P. Morgan Chase Bank, National Association
   8.2
J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration date 21/09/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/09/2015, expiration

date 21/09/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
J.P. Morgan Securities plc, London, United Kingdom
3. Triggering event:
Falling below threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
19 September 2014
6. Total amount of voting rights:
0.24% (equals: 493,090 voting rights)
7. Detailed information on the voting rights proportion:
   7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.24% (equals: 493,090 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
   7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
   7.3 Voting rights pursuant to sec. 21, 22 WpHG: 0.00% (equals: 0 voting rights)
8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
   8.1 Chain of controlled undertakings: N/A
   8.2

J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
J.P. Morgan Chase International Holdings, London, United Kingdom
3. Triggering event:
Falling below threshold

4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
19 September 2014
6. Total amount of voting rights:
0.24% (equals: 493,090 voting rights)
7. Detailed information on the voting rights proportion:
   7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.24% (equals: 493,090 voting rights), thereof held indirectly: 0.24% (equals: 493,090 voting rights)
   7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
   7.3 Voting rights pursuant to sec. 21, 22 WpHG: 0.00% (equals: 0 voting rights)
8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
   8.1 Chain of controlled undertakings: J.P. Morgan Securities plc
   8.2
J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
J.P. Morgan Chase (UK) Holdings Limited, London, United Kingdom
3. Triggering event:
Falling below threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
19 September 2014
6. Total amount of voting rights:
0.24% (equals: 493,090 voting rights)
7. Detailed information on the voting rights proportion:
   7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.24% (equals: 493,090 voting rights), thereof held indirectly: 0.24%

(equals: 493,090 voting rights)
7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
7.3 Voting rights pursuant to sec. 21, 22 WpHG: 0.00% (equals: 0 voting rights)
8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
8.1 Chain of controlled undertakings: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings
8.2
J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
J.P. Morgan Capital Holdings Limited, London, United Kingdom
3. Triggering event:
Falling below threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
19 September 2014
6. Total amount of voting rights:
0.24% (equals: 493,090 voting rights)
7. Detailed information on the voting rights proportion:
7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.24% (equals: 493,090 voting rights), thereof held indirectly: 0.24% (equals: 493,090 voting rights)
7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
7.3 Voting rights pursuant to sec. 21, 22 WpHG: 0.00% (equals: 0 voting rights)
8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
8.1 Chain of controlled undertakings: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK)

Holdings Limited

8.2

J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
J.P. Morgan International Finance Limited, Newark, Delaware, USA
3. Triggering event:
Falling below threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
19 September 2014
6. Total amount of voting rights:
0.24% (equals: 493,090 voting rights)
7. Detailed information on the voting rights proportion:
   7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.24% (equals: 493,090 voting rights), thereof held indirectly: 0.24% (equals: 493,090 voting rights)
   7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
   7.3 Voting rights pursuant to sec. 21, 22 WpHG: 0.00% (equals: 0 voting rights)
8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
   8.1 Chain of controlled undertakings: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited
   8.2

J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015

J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
Bank One International Holdings Corporation, Chicago, Illinois, USA
3. Triggering event:
Falling below threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
19 September 2014
6. Total amount of voting rights:
0.24% (equals: 493,090 voting rights)
7. Detailed information on the voting rights proportion:
   7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.24% (equals: 493,090 voting rights), thereof held indirectly: 0.24% (equals: 493,090 voting rights)
   7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
   7.3 Voting rights pursuant to sec. 21, 22 WpHG: 0.00% (equals: 0 voting rights)

8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
   8.1 Chain of controlled undertakings: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited, J.P. Morgan International Finance Limited
   8.2
J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration

date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
J.P. Morgan International Inc, New York, New York, USA
3. Triggering event:
Falling below threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
19 September 2014
6. Total amount of voting rights:
0.24% (equals: 493,090 voting rights)
7. Detailed information on the voting rights proportion:
   7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.24% (equals: 493,090 voting rights), thereof held indirectly: 0.24% (equals: 493,090 voting rights)
   7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
   7.3 Voting rights pursuant to sec. 21, 22 WpHG: 0.00% (equals: 0 voting rights)
8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
   8.1 Chain of controlled undertakings: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation
   8.2

J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
JPMorgan Chase Bank, National Association, Columbus, Ohio, USA
3. Triggering event:
Falling below threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
19 September 2014
6. Total amount of voting rights:
0.24% (equals: 493,090 voting rights)
7. Detailed information on the voting rights proportion:
   7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.24% (equals: 493,090 voting rights), thereof held indirectly: 0.24% (equals: 493,090 voting rights)
   7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
   7.3 Voting rights pursuant to sec. 21, 22 WpHG: 0.00% (equals: 0 voting rights)
8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
   8.1 Chain of controlled undertakings: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation, J.P. Morgan International Inc.
   8.2
J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015

1. Details of listed company:
United Internet AG, Elgendorfer Strasse 57, 56410 Montabaur, Germany
2. Details of the company subject to the notification obligation (notifier):
JPMorgan Chase & Co., New York, New York, USA

3. Triggering event:
Falling below threshold
4. Threshold(s) crossed or reached:
5%
5. Date at which the threshold is crossed or reached:
19 September 2014
6. Total amount of voting rights:
0.24% (equals: 496,888 voting rights)
7. Detailed information on the voting rights proportion:
   7.1 Financial/other instruments pursuant to sec. 25a WpHG: 0.24% (equals: 493,090 voting rights), thereof held indirectly: 0.24% (equals: 493,090 voting rights)
   7.2 Financial/other instruments pursuant to sec. 25 WpHG: 0.00% (equals: 0 voting rights), thereof held indirectly: 0.00% (equals: 0 voting rights)
   7.3 Voting rights pursuant to sec. 21, 22 WpHG: 0.00% (equals: 3,798 voting rights)
8. Detailed information on (financial/other) instruments pursuant to section 25a WpHG :
   8.1 Chain of controlled undertakings: J.P. Morgan Securities plc, J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation, J.P. Morgan International Inc, J.P. Morgan Chase Bank, National Association
   8.2

J.P. Morgan Securities Plc, Equity swap, maturity 16/10/2014, expiration date 16/10/2014
J.P. Morgan Securities Plc, Equity swap, maturity 04/11/2014, expiration date 04/11/2014
J.P. Morgan Securities Plc, Equity swap, maturity 31/08/2015, expiration date 31/08/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 20/10/2015, expiration date 20/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015
J.P. Morgan Securities Plc, Equity swap, maturity 21/10/2015, expiration date 21/10/2015

Publication on September 30, 2014

BlackRock Investment Management (UK) Limited, London, United Kingdom, has informed us as follows:

Following a review, conducted in close collaboration with the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), of the way BlackRock has interpreted its voting rights disclosure obligations under German law, BlackRock entities are filing today a statement representing their holdings as at the settlement date of 25 September 2014 in United Internet AG.

The statement does not reflect a change in BlackRock's current holdings of voting rights. The statement simply updates information currently in the market regarding BlackRock's holdings in United Internet AG. Further, the statement does not signify any change in investment strategies pursued.

Also, BlackRock issues a press release detailing the BlackRock group entities and their respective voting rights applicable to United Internet AG and other relevant German issuers on http://www.blackrock.com/corporate/en-gb/news-and-insights/press-releases and on Bloomberg.

Voting Rights Disclosure

1. BlackRock, Inc.

On 30 September 2014, BlackRock, Inc., New York, New York, USA, has informed us according to Sec. 21, para. 1 of the WpHG (the German Securities Trading Act) that its share in the voting rights of United Internet AG on 25 September 2014 amounted to 3.04% (this corresponds to 6,223,138 voting rights out of a total of 205,000,000 voting rights (the 'Total Voting Rights')).

0.99% of the Total Voting Rights (this corresponds to 2,020,410 voting rights) are to be attributed to BlackRock, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG.

1.76% of the Total Voting Rights (this corresponds to 3,610,508 voting rights) are to be attributed to BlackRock, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.25% of the Total Voting Rights (this corresponds to 513,893 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.04% of the Total Voting Rights (this corresponds to 78,327 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 2 in connection with sentence 2 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

2. BlackRock Holdco 2, Inc.

On 30 September 2014, BlackRock Holdco 2, Inc., Wilmington, Delaware, USA, has informed us according to Sec. 21, para. 1 of the WpHG (the German Securities Trading Act) that its share in the voting rights of United Internet AG on 25 September 2014 amounted to 2.98% (this corresponds to 6,116,271 voting rights out of a total of 205,000,000 voting rights (the 'Total Voting Rights')).

0.99% of the Total Voting Rights (this corresponds to 2,020,410 voting rights) are to be attributed to BlackRock Holdco 2, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG.

1.71% of the Total Voting Rights (this corresponds to 3,503,641 voting rights) are to be attributed to BlackRock Holdco 2, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.25% of the Total Voting Rights (this corresponds to 513,893 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.04% of the Total Voting Rights (this corresponds to 78,327 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 2 in connection with sentence 2 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

3. BlackRock Financial Management, Inc.

On 30 September 2014, BlackRock Financial Management, Inc., New York, New York, USA, has informed us according to Sec. 21, para. 1 of the WpHG (the German Securities Trading Act) that its share in the voting rights of United Internet AG on 25 September 2014 amounted to 2.94% (this corresponds to 6,032,659 voting rights out of a total of 205,000,000 voting rights (the 'Total Voting Rights')).

0.99% of the Total Voting Rights (this corresponds to 2,020,410 voting rights) are to be attributed to BlackRock Financial Management, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG.

0.05% of the Total Voting Rights (this corresponds to 101,967 voting rights) are to be attributed to BlackRock Financial Management, Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 6 WpHG.

1.61% of the Total Voting Rights (this corresponds to 3,306,232 voting rights) are to be attributed to BlackRock Financial Management Inc. pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.25% of the Total Voting Rights (this corresponds to 513,893 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 1 WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.04% of the Total Voting Rights (this corresponds to 78,327 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 2 in connection with sentence 2

WpHG as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

0.003% of the Total Voting Rights (this corresponds to 5,915 voting rights) are to be attributed pursuant to Sec. 22 para. 1 sentence 1 No. 6 as well as pursuant to Sec. 22 para. 1 sentence 1 No. 6 in connection with sentence 2 WpHG.

Publication on October 10, 2014
On October 8, 2014, BlackRock Holdco 2, Inc., Wilmington, Delaware, USA, informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights in United Internet AG, Montabaur, Germany, exceeded the threshold of 3% of voting rights on October 3, 2014 and on that day amounted to 3.03% (corresponding to 6,216,598 voting rights).

1.23% of voting rights (corresponding to 2,517,713 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 1 of the WpHG. 0.04% of voting rights (corresponding to 78,236 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 2 WpHG in conjunction with Sentence 2 of the WpHG. 2.05% of voting rights (corresponding to 4,197,562 voting rights) are attributable to the company acc. to Sec. 22 (1) Sentence 1, No. 6 in conjunction with Sec. 22 (1) Sentence 2 of the WpHG.

BlackRock Holdco 2, Inc. pointed out that the total amount of voting rights does not necessarily correspond to the sum of the individual attributed voting rights. This results from voting rights with multiple allocations within the BlackRock Group.

On October 9, 2014, BlackRock Financial Management, Inc., New York, New York, USA informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights in United Internet AG, Montabaur, Germany, exceeded the threshold of 3% of voting rights on October 6, 2014 and on that day amounted to 3.01% (corresponding to 6,175,297 voting rights). 1.22% of voting rights (corresponding to 2,496,088 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 1 of the WpHG. 0.04% of voting rights (corresponding to 78,236 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 2 WpHG in conjunction with Sentence 2 of the WpHG. 0.04% of voting rights (corresponding to 76,677 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 6 of the WpHG. 2.00% of voting rights (corresponding to 4,103,278 voting rights) are attributable to the company acc. to Sec. 22 (1) Sentence 1, No. 6 in conjunction with Sec. 22 (1) Sentence 2 of the WpHG.

BlackRock Financial Management, Inc. pointed out that the total amount of voting rights does not necessarily correspond to the sum of the individual attributed voting rights. This results from voting rights with multiple allocations within the BlackRock Group.

Publication on October 23, 2014
On October 22, 2014, BlackRock Financial Management, Inc., New York, New York, USA, informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights

in United Internet AG, Montabaur, Germany, fell below the threshold of 3% of voting rights on October 20, 2014 and on that day amounted to 2.98% (corresponding to 6,118,676 voting rights). 1.15% of voting rights (corresponding to 2,347,704 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 1 of the WpHG. 0.03% of voting rights (corresponding to 64,809 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 2 WpHG in conjunction with Sentence 2 of the WpHG. 0.03% of voting rights (corresponding to 55,799 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 6 of the WpHG. 2.03% of voting rights (corresponding to 4,165,076 voting rights) are attributable to the company acc. to Sec. 22 (1) Sentence 1, No. 6 in conjunction with Sec. 22 (1) Sentence 2 of the WpHG.

BlackRock Financial Management, Inc. pointed out that the total amount of voting rights does not necessarily correspond to the sum of the individual attributed voting rights. This results from voting rights with multiple allocations within the BlackRock Group.

Publication on October 29, 2014
On October 28, 2014, BlackRock Holdco 2, Inc., Wilmington, Delaware, USA informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights in United Internet AG, Montabaur, Germany, fell below the threshold of 3% of voting rights on October 24, 2014 and on that day amounted to 2.999% (corresponding to 6,148,641 voting rights). 1.12% of voting rights (corresponding to 2,303,356 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 1 of the WpHG. 0.03% of voting rights (corresponding to 61,008 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 2 WpHG in conjunction with Sentence 2 of the WpHG. 2.09% of voting rights (corresponding to 4,284,990 voting rights) are attributable to the company acc. to Sec. 22 (1) Sentence 1, No. 6 in conjunction with Sec. 22 (1) Sentence 2 of the WpHG.

BlackRock Holdco 2, Inc. pointed out that the total amount of voting rights does not necessarily correspond to the sum of the individual attributed voting rights. This results from voting rights with multiple allocations within the BlackRock Group.

Publication on November 17, 2014
On November 14, 2014, BlackRock Holdco 2, Inc., Wilmington, Delaware, USA, informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights in United Internet AG, Montabaur, Germany, exceeded the threshold of 3% of voting rights on November 12, 2014 and on that day amounted to 3.0004% (corresponding to 6,150,738 voting rights). 1.13% of voting rights (corresponding to 2,309,154 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 1 of the WpHG. 0.03% of voting rights (corresponding to 57,866 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 2 WpHG in conjunction with Sentence 2 of the WpHG. 2.09% of voting rights (corresponding to 4,280,295 voting rights) are attributable to the company acc. to Sec. 22 (1) Sentence 1, No. 6 in conjunction with Sec. 22 (1) Sentence 2 of the WpHG.

BlackRock Holdco 2, Inc. pointed out that the total amount of voting rights does not necessarily correspond to the sum of the individual attributed voting rights. This results from voting rights with multiple allocations within the BlackRock Group.

Publication on November 18, 2014

On November 17, 2014, BlackRock Holdco 2, Inc., Wilmington, Delaware, USA, informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights in United Internet AG, Montabaur, Germany, fell below the threshold of 3% of voting rights on November 13, 2014 and on that day amounted to 2.996% (corresponding to 6,142,454 voting rights).

1.12% of voting rights (corresponding to 2,293,787 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 1 of the WpHG. 0.03% of voting rights (corresponding to 61,533 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 2 WpHG in conjunction with Sentence 2 of the WpHG. 2.09% of voting rights (corresponding to 4,286,810 voting rights) are attributable to the company acc. to Sec. 22 (1) Sentence 1, No. 6 in conjunction with Sec. 22 (1) Sentence 2 of the WpHG.

On November 18, 2014, BlackRock Holdco 2, Inc., Wilmington, Delaware, USA, informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights in United Internet AG, Montabaur, Germany, exceeded the threshold of 3% of voting rights on November 14, 2014 and on that day amounted to 3.01% (corresponding to 6,162,476 voting rights). 1.12% of voting rights (corresponding to 2,291,807 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 1 of the WpHG. 0.03% of voting rights (corresponding to 61,533 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 2 WpHG in conjunction with Sentence 2 of the WpHG. 2.10% of voting rights (corresponding to 4,307,950 voting rights) are attributable to the company acc. to Sec. 22 (1) Sentence 1, No. 6 in conjunction with Sec. 22 (1) Sentence 2 of the WpHG.

BlackRock Holdco 2, Inc. pointed out that the total amount of voting rights does not necessarily correspond to the sum of the individual attributed voting rights. This results from voting rights with multiple allocations within the BlackRock Group.

Publication on November 26, 2014

On November 25, 2014, BlackRock Financial Management, Inc., New York, New York, USA, informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights in United Internet AG, Montabaur, Germany, exceeded the threshold of 3% of voting rights on November 21, 2014 and on that day amounted to 3.01% (corresponding to 6,161,769 voting rights).

1.14% of voting rights (corresponding to 2,335,948 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 1 of the WpHG. 0.04% of voting rights (corresponding to 77,096 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 2 WpHG6 in conjunction with Sentence 2 of the WpHG. 0.02% of voting rights (corresponding to 44,039 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 6 of the WpHG. 2.06% of voting rights (corresponding to 4,222,024 voting rights) are attributable to the company acc. to Sec. 22 (1) Sentence 1, No. 6 in conjunction with Sec. 22 (1) Sentence 2 of the WpHG.

BlackRock Financial Management, Inc. pointed out that the total amount of voting rights does not necessarily correspond to the sum of the individual attributed voting rights. This results from voting rights with multiple allocations within the BlackRock Group.

Publication on December 2, 2014
On December 2, 2014, BlackRock Financial Management, Inc., New York, New York, USA informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights in United Internet AG, Montabaur, Germany, fell below the threshold of 3% of voting rights on November 28, 2014 and on that day amounted to 2.96% (corresponding to 6,077,945 voting rights). 1.15% of voting rights (corresponding to 2,360,167 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 1 of the WpHG. 0.02% of voting rights (corresponding to 44,039 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 6 of the WpHG. 2.01% of voting rights (corresponding to 4,113,412 voting rights) are attributable to the company acc. to Sec. 22 (1) Sentence 1, No. 6 in conjunction with Sec. 22 (1) Sentence 2 of the WpHG.

BlackRock Financial Management, Inc. pointed out that the total amount of voting rights does not necessarily correspond to the sum of the individual attributed voting rights. This results from voting rights with multiple allocations within the BlackRock Group.

Publication on December 8, 2014
On December 5, 2014, BlackRock Holdco 2, Inc., Wilmington, Delaware, USA, informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights in United Internet AG, Montabaur, Germany, fell below the threshold of 3% of voting rights on December 3, 2014 and on that day amounted to 2.999% (corresponding to 6,148,354 voting rights).

1.14% of voting rights (corresponding to 2,344,260 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 1 of the WpHG. 2.07% of voting rights (corresponding to 4,240,324 voting rights) are attributable to the company acc. to Sec. 22 (1) Sentence 1, No. 6 in conjunction with Sec. 22 (1) Sentence 2 of the WpHG.

BlackRock Holdco 2, Inc. pointed out that the total amount of voting rights does not necessarily correspond to the sum of the individual attributed voting rights. This results from voting rights with multiple allocations within the BlackRock Group.

On December 8, 2014, BlackRock Holdco 2, Inc., Wilmington, Delaware, USA, informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights in United Internet AG, Montabaur, Germany, exceeded the threshold of 3% of voting rights on December 4, 2014 and on that day amounted to 3.003% (corresponding to 6,156,615 voting rights).

1.14% of voting rights (corresponding to 2,342,665 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 1 of the WpHG. 2.07% of voting rights (corresponding to 4,250,180 voting rights) are attributable to the company acc. to Sec. 22 (1) Sentence 1, No. 6 in conjunction with Sec. 22 (1) Sentence 2 of the WpHG.

BlackRock Holdco 2, Inc. pointed out that the total amount of voting rights does not necessarily correspond to the sum of the individual attributed voting rights. This results from voting rights with multiple allocations within the BlackRock Group.

Publication on December 17, 2014
On December 17, 2014, BlackRock Financial Management, Inc., New York, New York, USA informed us according to Sec. 21 (1) of the WpHG that via shares its voting rights in United Internet AG, Montabaur, Germany, exceeded the threshold of 3% of voting rights on December 15, 2014 and on that day amounted to 3.02% (corresponding to 6,188,908 voting rights).

1.15% of voting rights (corresponding to 2,347,634 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 1 of the WpHG. 0.02% of voting rights (corresponding to 44,039 voting rights) are attributable to the company acc. to Sec. 22 (1), Sentence 1, No. 6 of the WpHG. 2.06% of voting rights (corresponding to 4,231,936 voting rights) are attributable to the company acc. to Sec. 22 (1) Sentence 1, No. 6 in conjunction with Sec. 22 (1) Sentence 2 of the WpHG.

BlackRock Financial Management, Inc. pointed out that the total amount of voting rights does not necessarily correspond to the sum of the individual attributed voting rights. This results from voting rights with multiple allocations within the BlackRock Group.

Publication of voting rights notifications pursuant to Sec. 26a WpHG

Publication of total voting rights as of September 30, 2014:
United Internet AG hereby notifies that the total number of voting rights at the end of September 2014 amounted to 205,000,000.

Audit opinion of the Independent auditor

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report for the group and the company of United Internet AG, Montabaur, for the fiscal year from January 1 to December 31, 2014. The maintenance of the books and records and the preparation of the annual financial statements and management report for the group and the company in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report for the group and the company based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB ["Handelsgesetzbuch": German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report for the group and the company. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements [and supplementary provisions of the partnership agreement/articles of incorporation and bylaws] and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report for the group and the company is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks relating to future development.

Eschborn/Frankfurt am Main, March 24, 2015
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Grote	Kemmerich
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Management Report and Group Management Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Montabaur, March 20, 2015

Board of Management

Ralph Dommermuth Robert Hoffmann Norbert Lang Jan Oetjen Martin Witt