3-Month Report

2012

united internet

Selected key figures acc. to IFRS

	2012 January – March	2011 January – March
Established business fields		
Sales in € million	570.8	496.4
EBITDA (Earnings before interest, taxes, depreciation and amortization) in € million	106.9	95.9
EBIT (Earnings before interest and taxes) in € million	85.3	76.0
New business fields		
Sales in € million	6.1	2.2
EBITDA in € million	–36.4	–5.4
EBIT in € million	–37.0	–5.7
Total		
Sales in € million	576.9	498.6
EBITDA in € million	70.5	90.5
EBIT in € million	48.3	70.3
EBT (Earnings before taxes) in € million	44.4	64.8
EPS (Earnings per share) in €	0.15	0.20
Employees at end of March (number)	5,775	5,131
Share price at end of March (Xetra) in €	14.13	12.70

Quarterly development in € million (key figures including new business fields)

	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q1 2011
Sales	510.8	527.7	557.0	576.9	498.6
EBITDA	110.4	85.0	78.9	70.5	90.5
EBIT	89.7	63.6	52.4	48.3	70.3
EBT	79.4	66.0	40.4	44.4	64.8

Development of customer contracts in million

	March 31, 2012	March 31, 2011
Customer contracts, total	10.99	9.97
Access, total	4.24	3.71
of which DSL complete packages (ULL)	2.58	2.37
of which Mobile Internet	0.94	0.37
of which narrowband / T-DSL / R-DSL	0.72	0.97
Applications, total	6.75	6.26
of which “domestic”	3.92	3.74
of which “foreign”	2.83	2.52
Ad-financed accounts	31.0	28.3

Content

Dear shareholders, employees and business associates of United Internet,

Our new fiscal year has got off to a successful start. We succeeded in raising sales and customer contract figures to new all-time highs in the first quarter of 2012 and significantly increased earnings in our established business fields. At the same time, we invested large sums in the development of our new business fields. With the targets we already achieved in the first quarter, we are firmly on track to reach the forecast we set for 2012 as a whole.

Specifically, we raised consolidated sales to the new record level of € 576.9 million in the first quarter of 2012 – representing a year-on-year increase of 15.7%. Sales in our established business fields rose by 15% to € 570.8 million. In addition, there were sales in our new business fields of € 6.1 million (prior year: € 2.2 million). There was also strong growth in customer contracts: with the addition of 320,000 new contracts to 10.99 million, we easily exceeded the corresponding growth figure for the first quarter of 2011 (+210,000 new contracts).

At the same time, we also succeeded in raising earnings significantly in our established business fields during the first quarter of 2012. Earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 11.5%, from € 95.9 million last year to € 106.9 million, while earnings before interest and taxes (EBIT) improved by 12.2%, from € 76.0 million last year to € 85.3 million.

As announced in our forecast for the full fiscal year 2012, we used this positive earnings development in our established business fields to invest heavily in the development of new business fields. In the first quarter of 2012, we focused on the international marketing campaign for the 1&1 MyWebsite (in Germany offered as 1&1 Do-It-Yourself Homepage), and the development of De-Mail applications. In line with our planning, EBIT-effective start-up losses of € 37.0 million (prior year: € 5.7 million) were incurred for these activities in the first quarter of 2012. These start-up losses result mainly from high expenditures for marketing the 1&1 MyWebsite in six European countries, the USA and Canada and are part of our total start-up losses planned for new business fields in 2012 of € 86 million to € 124 million.

As a result of these start-up losses, there was an expected overall decline in key earnings figures compared to the same period last year. EBITDA amounted to € 70.5 million (prior year: € 90.5 million) and EBIT totaled € 48.3 million (prior year: € 70.3 million). Pre-tax earnings (EBT) stood at € 44.4 million (prior year: € 64.8 million), while earnings per share (EPS) amounted to € 0.15 (prior year: € 0.20).

In our “Access” segment, the number of fee-based contracts grew by 160,000 in the first quarter of 2012 to reach 4.24 million as of March 31, 2012. In our Mobile Internet business, we were able to activate 150,000 new customer contracts and thus raise the total number of customers to 940,000. We also achieved growth in complete DSL contracts (of particular importance for us), adding a further 70,000 customers to reach a total of 2.58 million. As expected, the number of customer contracts for those business models gradually being phased out (narrowband, T-DSL and R-DSL) continued to fall (-60,000 customer relationships). As a result of the encouraging development in customer figures, sales of our “Access” segment grew by 16.9% to € 375.6 million in the first quarter of 2012. Despite greatly increased costs for new customer acquisition (+160,000 contracts in Q1/2012 compared to +80,000 in the same period last year), there was strong year-on-year growth in EBITDA to € 41.3 million (prior year: € 31.1 million) and EBIT to € 34.8 million (prior year: € 23.8 million).

In our "Applications" segment, the number of fee-based contracts world-wide grew by 160,000 to 6.75 million in the first quarter of 2012 (of which 2.83 million were abroad). This growth in contracts resulted from 120,000 new Business Applications contracts (of which 60,000 contracts for our 1&1 MyWebsite) and 40,000 new Consumer Application contracts, raising their respective totals to 4.79 million and 1.96 million. The number of ad-financed accounts grew by 200,000 to 31.0 million. Thanks to this strong customer growth, sales in the "Applications" segment also rose by 13.5% to € 201.2 million in the first quarter of 2012. In our established business fields, sales grew by 11.4% to € 195.1 million. In addition, there was also revenue from our new business fields of € 6.1 million (prior year: € 2.2 million). EBITDA in our established business fields rose from € 64.3 million last year to € 67.1 million, while EBIT improved from € 51.7 million last year to € 51.9 million. These strong earnings in our established business enabled us to make planned investments in new business fields. This resulted in EBIT-effective start-up losses of € 37.0 million (prior year: € 5.7 million). As a result of these start-up losses, there was an expected year-on-year decline in segment EBITDA to € 30.7 million (prior year: € 58.9 million) and in segment EBIT to € 14.9 million (prior year: € 46.0 million).

In view of the positive development of sales and customer contracts, strong growth in our established business fields, and the gradual decline in start-up losses from new business fields over the coming quarters, we are well on track to reach the targets set for 2012 as a whole. Against this backdrop, we can confirm our guidance: we expect growth of approx. 900,000 additional customer contracts in our established business fields, an increase in sales of approx. 15% and strong growth in earnings. We will continue to use this growth in earnings to invest heavily in new business fields. Depending on market and customer developments, we expect to incur EBIT-effective start-up costs of € 86 million to € 124 million (prior year: € 61.1 million) for a year-long international marketing campaign for the 1&1 MyWebsite, and for the development and launch of De-Mail applications. In addition to growth in our established business fields, we believe that these investments will enable us to gain an additional 200,000 to 300,000 customer contracts in our new business field "1&1 MyWebsite". Depending on the size of the investments actually made, consolidated EBIT in 2012 is expected to reach € 243 million to € 281 million (prior year without positive effect from the sale of Versatel shares: € 253.0 million). This corresponds to an EPS result of € 0.80 to € 0.90. Based on strong customer growth in 2012, we anticipate a significant improvement in earnings in 2013 – both in our established and our new business fields. EPS is expected to then lie between € 1.00 and € 1.10.

We are excellently placed for the next steps in our corporate development and optimistic about the remaining months of our current fiscal year. In view of the success already achieved in the first quarter of 2012, we would like to express our gratitude to all employees for their dedicated efforts, and thank our shareholders for their continued trust in the United Internet Group.

Montabaur, May 10, 2012

Ralph Dommermuth

Group management report for the first quarter of 2012

Economic environment

IMF upgrades forecasts despite unstable economic situation

Despite the ongoing debt crisis, the International Monetary Fund (IMF) has forecast stronger growth in its spring outlook 2012. Even for the Euro zone, the Fund's experts are slightly less pessimistic than they were earlier in the year. However, the IMF still believes that the risk of a further crisis affecting both the industrialized nations and the emerging markets is still very present.

In particular, the IMF experts believe that the enlarged Euro safety net will allay global fears of a massive economic downturn. As a consequence, they raised their forecast for the global economy in the current year to 3.5%, compared to around 3.3% earlier in the year (IMF January forecast).

Despite the prevailing uncertainty, the outlook for the Euro zone is also somewhat less pessimistic than before. Although the IMF still forecasts recession for 2012, the downturn is now expected to be milder than previously assumed. Economic output is now expected to fall by 0.3% – and thus by 0.2 percentage points less than forecast in January.

The IMF expects Germany to benefit most from the fight against the European debt crisis. Consequently, the growth forecast for the Federal Republic was upgraded by 0.3 percentage points to 0.6%.

Despite these positive signs and the raised growth forecasts, the IMF still regards the global economic situation as very fragile and believes that the problems regarding sovereign debt levels and the vulnerability of the financial systems – especially in Europe – are far from resolved.

Good start to the year for the high-tech industry

Unperturbed by the unstable state of the global economy, there was a further improvement in the already upbeat mood of the high-tech sector during the first quarter of 2012 – according to the latest business confidence survey of the ICT sector conducted by industry association BITKOM. 72% of suppliers in the field of IT, telecommunications and digital entertainment electronics reported year-on-year revenue growth in the first quarter of 2012. According to BITKOM, demand from companies and private users for new devices, applications and services is strong. In particular, the sector association believes that technologies such as cloud computing and the growing use of tablet PCs and smartphones, as well as their respective applications, will continue to fuel sector growth.

According to the results of the quarterly business confidence survey, most companies are also upbeat about their future prospects. 78% of companies interviewed expect year-on-year revenue growth in 2012 as a whole. Business is particularly brisk among suppliers of software and IT services: 85% of these companies expect to raise sales year on year in 2012. 71% of IT hardware suppliers and 62% of communication technology companies forecast rising sales.

Business development of the Group

Overview of United Internet

United Internet AG is the leading European internet specialist with some 11 million fee-based customer contracts and 31 million ad-financed free accounts. The operating activities of United Internet AG are divided into the segments “Access” and “Applications”.

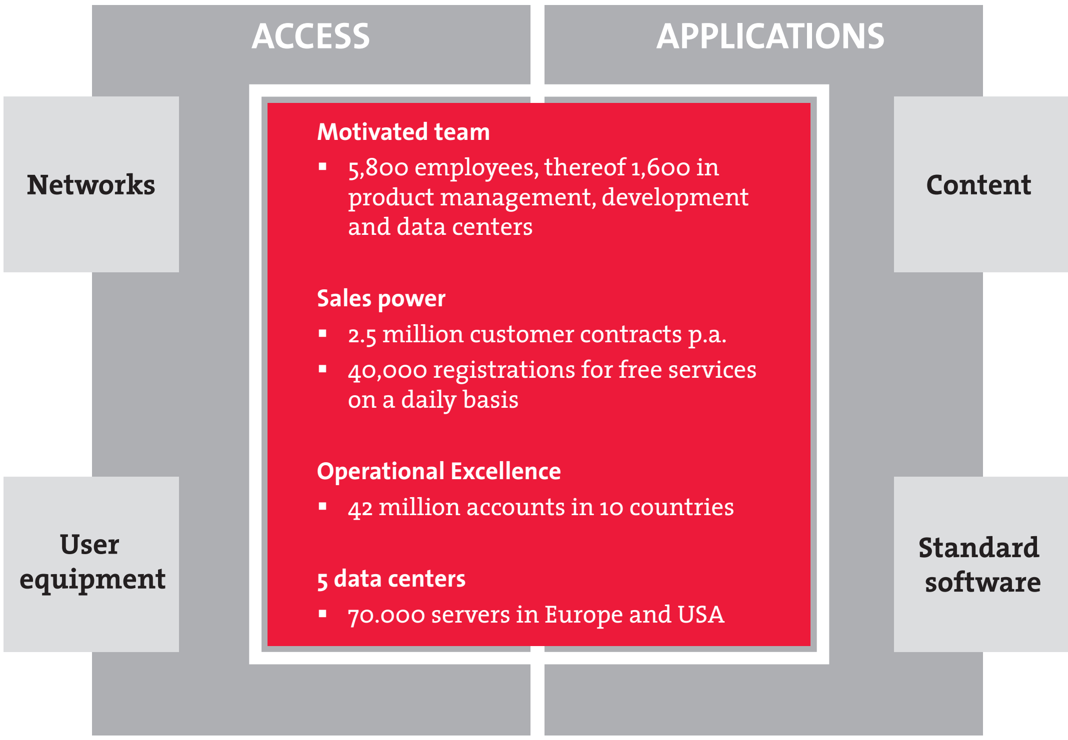
The “Access” segment comprises the company’s fee-based landline and mobile access products, including the respective applications (such as home networks, online storage, telephony or entertainment). United Internet operates exclusively in Germany in this segment, where it is one of the leading providers. The company remains independent of network providers by purchasing standardized network services from various pre-service providers. These are then enhanced with end-user devices, self-developed applications and services from the company’s own “Internet Factory” in order to differentiate them from the competition. Access products are marketed by the strong 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.

The “Applications” segment comprises United Internet’s application business – whether ad-financed or via fee-based subscriptions. These applications include homepages 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 Factory” or in cooperation with partner firms and operated at the company’s data centers. In its “Applications” segment, United Internet is active on the international market and enjoys leading positions in Germany, France, the UK, Spain, Austria, Switzerland and the USA. In late 2010 / early 2011, the company also launched operations in Poland and Canada and entered the Italian market in May 2012. Applications are marketed to specific target groups via the differently positioned brands GMX, WEB.DE, 1&1, united-domains, Fasthosts and InterNetX. United Internet also offers its customers performance-based advertising and sales platforms on the internet via Sedo and affilinet.

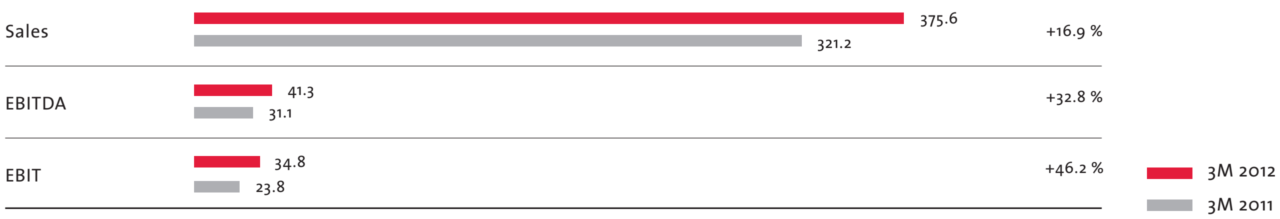
Development of “Access” segment

In line with the encouraging development in customer figures, sales of the “Access” segment grew by 16.9% to € 375.6 million in the first quarter of 2012. Despite greatly increased costs for new customer acquisition (+160,000 contracts in Q1/2012 compared to +80,000 in the same period last year), there was year-on-year growth in EBITDA of 32.8% to € 41.3 million (prior year: € 31.1 million), while EBIT rose by 46.2% to € 34.8 million (prior year: €23.8 million). All customer acquisition costs, as well as costs for the migration of resale DSL connections to complete packages (ULL = Unbundled Local Loop), continue to be charged directly as expenses.

UNITED INTERNET – THE "INTERNET FACTORY"



Financial figures for “Access” segment in € million



Quarterly development in € million

	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q1 2011
Sales	336.0	351.0	359.8	375.6	321.2
EBITDA	34.4	43.6	43.2	41.3	31.1
EBIT	27.2	36.2	35.0	34.8	23.8

The number of fee-based contracts in this segment grew by 160,000 in the first quarter of 2012 to reach a total of 4.24 million as of March 31, 2012. In the Mobile Internet business, the segment activated 150,000 new customer contracts and thus raised the total number of contracts to 940,000. There was also growth in complete DSL contracts (of particular importance for the segment) with the addition of a further 70,000 contracts to reach a total of 2.58 million. As expected, the number of customer contracts for those business models gradually being phased out (narrowband, T-DSL and R-DSL) continued to fall in the first quarter of 2012 (- 60,000 customer relationships).

Development of customer contracts in the first quarter of 2012

“Access” customer contracts	Dec. 31, 2011	Mar. 31, 2012	Change
Access, total	4.08 million	4.24 million	+ 160,000
of which DSL complete (ULL)	2.51 million	2.58 million	+ 70,000
of which Mobile Internet	0.79 million	0.94 million	+ 150,000
of which narrowband / T-DSL / R-DSL	0.78 million	0.72 million	– 60,000

Year-on-year comparison of the development in customer contracts

“Access” customer contracts	Mar. 31, 2011	Mar. 31, 2012	Change
Access, total	3.71 million	4.24 million	+ 530,000
of which DSL complete (ULL)	2.37 million	2.58 million	+ 210,000
of which Mobile Internet	0.37 million	0.94 million	+ 570,000
of which narrowband / T-DSL / R-DSL	0.97 million	0.72 million	– 250,000

Product highlights in the first quarter of 2012

In terms of products, the main focus during the period under review was placed on implementing the 1&1 Principle launched in late 2011 (as a further development of the DSL quality drive) and launching the "1&1 Tablet Flat" tariff in the Mobile Internet business:

- **The 1&1 Principle:** The 1&1 Principle is the logical continuation of the quality drive we already introduced in Germany in 2009. With the 1&1 Principle, customers are given clear performance promises. The most important new features are the overnight delivery of hardware, a one-month test phase for all products, and on-site, next-day replacement of faulty equipment. This enables 1&1 to clearly differentiate itself from the competition, underlining the benefits of online business over bricks-and-mortar operations, and setting new standards in service quality and customer satisfaction. Implementing the 1&1 Principle involved optimizing a number of internal processes, investing in customer care services and improving other procedures.
- **1&1 Tablet Flat:** Tablet PCs are the latest trend. According to sector association BITKOM, approx. 2.1 million units were sold in Germany alone during 2011 – corresponding to year-on-year sales growth of 162%. To enable customers to get maximum use of their tablets, also while on the road, the United Internet brand 1&1 launched its "1&1 Tablet Flat" tariff in February 2012. The "1&1 Tablet Flat" offers unlimited mobile surfing with bandwidth of up to 14,400 kBit/s together with a new tablet device starting from € 0. During the launch phase, three different tablet PCs were offered for varying needs: the Huawei MediaPad 3G, the Motorola XOOM and the Samsung Galaxy 10.1 N.

Outlook

Thanks to its transparent and flexible product strategy offering excellent value for money and a variety of optional applications, United Internet sees good opportunities to enhance customer retention and achieve a further increase in average revenue per contract in its Access business. In particular, contract growth in this segment is expected to result from the migration of customers to complete DSL packages (ULL) – regarded as essential for improving customer retention – as well as from the marketing of Mobile Internet products.

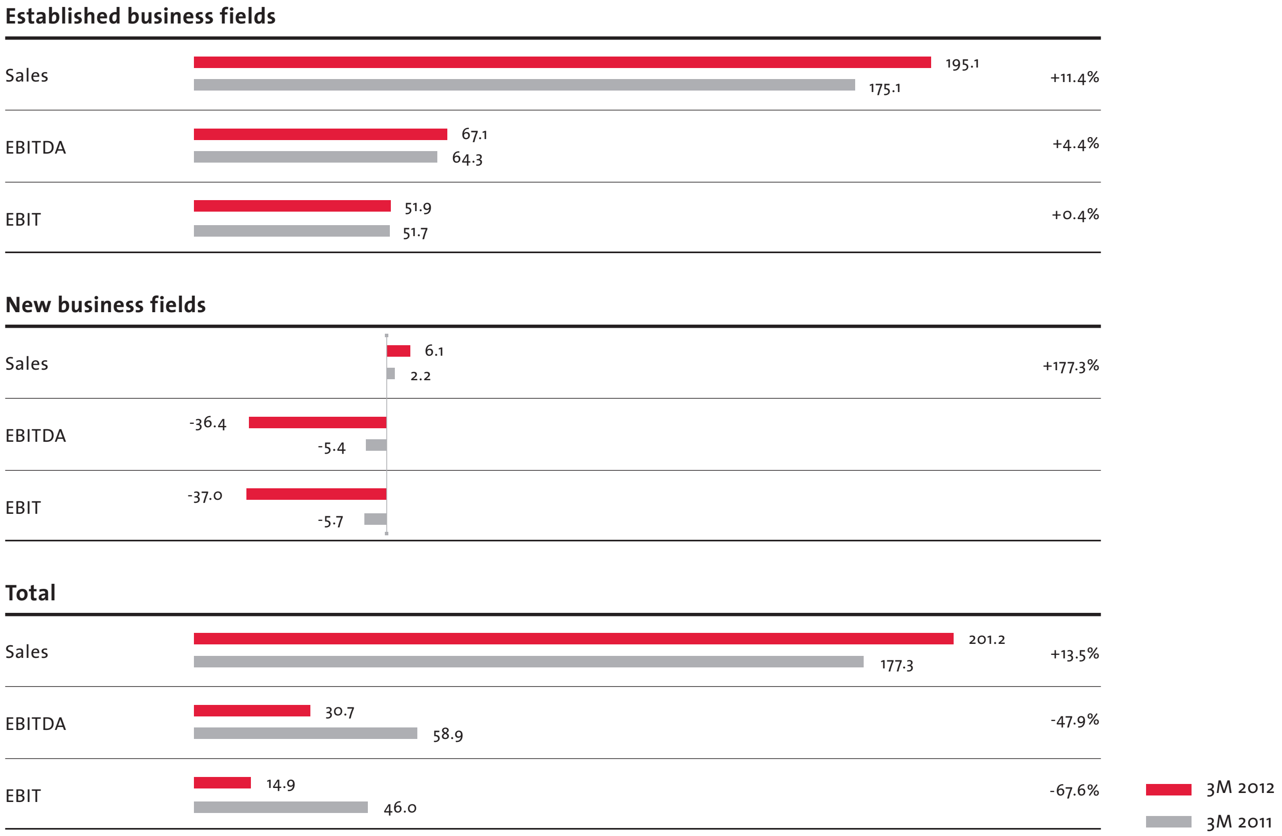
Development of "Applications" segment

Thanks to strong customer growth, sales in the "Applications" segment also rose by 13.5% to € 201.2 million in the first quarter of 2012. In the segment's established business fields, sales grew by 11.4% to € 195.1 million. In addition, there was also revenue from new business fields of € 6.1 million (prior year: € 2.2 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) in the established business fields rose by 4.4% from € 64.3 million last year to € 67.1 million, while earnings before interest and taxes (EBIT) improved by 0.4% from € 51.7 million last year to € 51.9 million.

These strong earnings in our established business enabled United Internet to make planned investments in new business fields. This resulted in EBIT-effective start-up losses of € 37.0 million (prior year: € 5.7 million). As a result of these start-up losses, there was an expected year-on-year decline in segment EBITDA to € 30.7 million (prior year: € 58.9 million) and in segment EBIT to € 14.9 million (prior year: € 46.0 million).

Financial figures for "Applications" segment in € million



Quarterly development in € million (key figures including new business fields)

	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q1 2011
Sales	174.7	176.7	197.1	201.2	177.3
EBITDA	52.5	41.6	30.4	30.7	58.9
EBIT	39.1	27.6	12.3	14.9	46.0

In addition to high investments for the establishment of new business fields, the "Applications" segment also invested heavily in customer growth during the period under review. The number of fee-based contracts world-wide grew by 160,000 to 6.75 million (of which 2.83 million abroad). This growth in contracts resulted from 120,000 new Business Applications contracts (of which 60,000 contracts for the 1&1 MyWebsite) and 40,000 new Consumer Application contracts, raising their respective totals to 4.79 million and 1.96 million. At the same time, the number of ad-financed accounts grew by 200,000 to 31.0 million in the first quarter of 2012. The segment also continued to drive its international expansion with market entry in Italy in May 2012.

Development of customer contracts in the first quarter of 2012

"Applications" customer contracts	Dec. 31, 2011	Mar. 31, 2012	Change
Total fee-based contracts	6.59 million	6.75 million	+ 160,000
of which "domestic"	3.86 million	3.92 million	+ 60,000
of which "foreign"	2.73 million	2.83 million	+ 100,000
Ad-financed accounts	30.8 million	31.0 million	+ 200,000

Year-on-year comparison of the development in customer contracts

"Applications" customer contracts	Mar. 31, 2011	Mar. 31, 2012	Change
Total fee-based contracts	6.26 million	6.75 million	+ 490,000
of which "domestic"	3.74 million	3.92 million	+ 180,000
of which "foreign"	2.52 million	2.83 million	+ 310,000
Ad-financed accounts	28.3 million	31.0 million	+2,700,000

Product highlights in the first quarter of 2012

In the period under review, activities focused on the migration of some 15 million active users to the new WEB.DE mailboxes – in the field of Consumer Applications – and the roll-out of new Dynamic Cloud Servers in the field of Business Applications:

- **New WEB.DE mailboxes:** In the first quarter, WEB.DE conducted one of the biggest migrations in German internet history. Around 15 million people received a new home for their e-mails: the new WEB.DE mailbox. It features a clear design and simple navigation, while the WEB.DE online storage facility offers secure space in the cloud for personal data. Important documents, photos or other files can be safely stored here and also accessed on the move via any internet-capable PC or dedicated app. FreeMail users receive 1 gigabyte of online storage space free of charge. Users of WEB.DE MailCheck receive an additional 500 megabytes free of charge. MailCheck is a browser extension for Internet Explorer and Mozilla Firefox. It features fast mailbox log-in, secure encryption and immediate notification of new e-mails received. With its integrated phishing filter, MailCheck also provides added security while surfing outside the mailbox.
- **1&1 Dynamic Cloud Server:** In March 2012, 1&1 made its Dynamic Cloud Server significantly more flexible. All relevant features, such as the CPU (processor) and RAM (memory) can be booked exactly according to the number of hours required. For small and mid-size companies, the change means they can administer their IT needs even more efficiently. That reduces costs – and strengthens their competitive standing. The 1&1 Dynamic Cloud Server offers users a virtual server environment with full root access. The model's most innovative feature is that it allows users to adapt the basic settings according to their specific requirements. It is also possible to swap between Linux and Windows operating systems. The 1&1 Dynamic Cloud Server can be an interesting alternative, for example, for companies with frequently changing resource needs, or for start-ups which cannot exactly estimate the computing power required for a particular project.

Outlook

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 well positioned to utilize the opportunities offered by cloud computing. In 2012, the company intends to tap the opportunities offered by launching its Business Applications in new foreign markets (especially via the international rollout of its 1&1 MyWebsite). In the field of Consumer Applications, the main focus will be on entering the field of legally secure email communication with the German "De-Mail" system.

Result of operations, financial position and net assets of the Group

Consolidated earnings

United Internet can look back on a successful first quarter of 2012. Consolidated sales of United Internet AG grew by 15.7% in the period under review, from € 498.6 million in the previous year to € 576.9 million. In its "Access" segment, sales rose by 16.9% from € 321.2 million last year to € 375.6 million, and in the "Applications" segment sales increased by 13.5% from € 177.3 million last year to € 201.2 million.

Consolidated gross margin fell from 34.4% in the previous year to 34.0%. The main reasons were the purchase of pre-services in the Access segment as a result of strong customer growth (+160,000 contracts in the period under review compared to +80,000 in the previous year), the complete recognition of smartphone subsidies for the fast growing Mobile Internet business with a corresponding effect on earnings (+150,000 contracts in the period under review compared to +100,000 in the previous year), as well as the resulting change in the overall product mix.

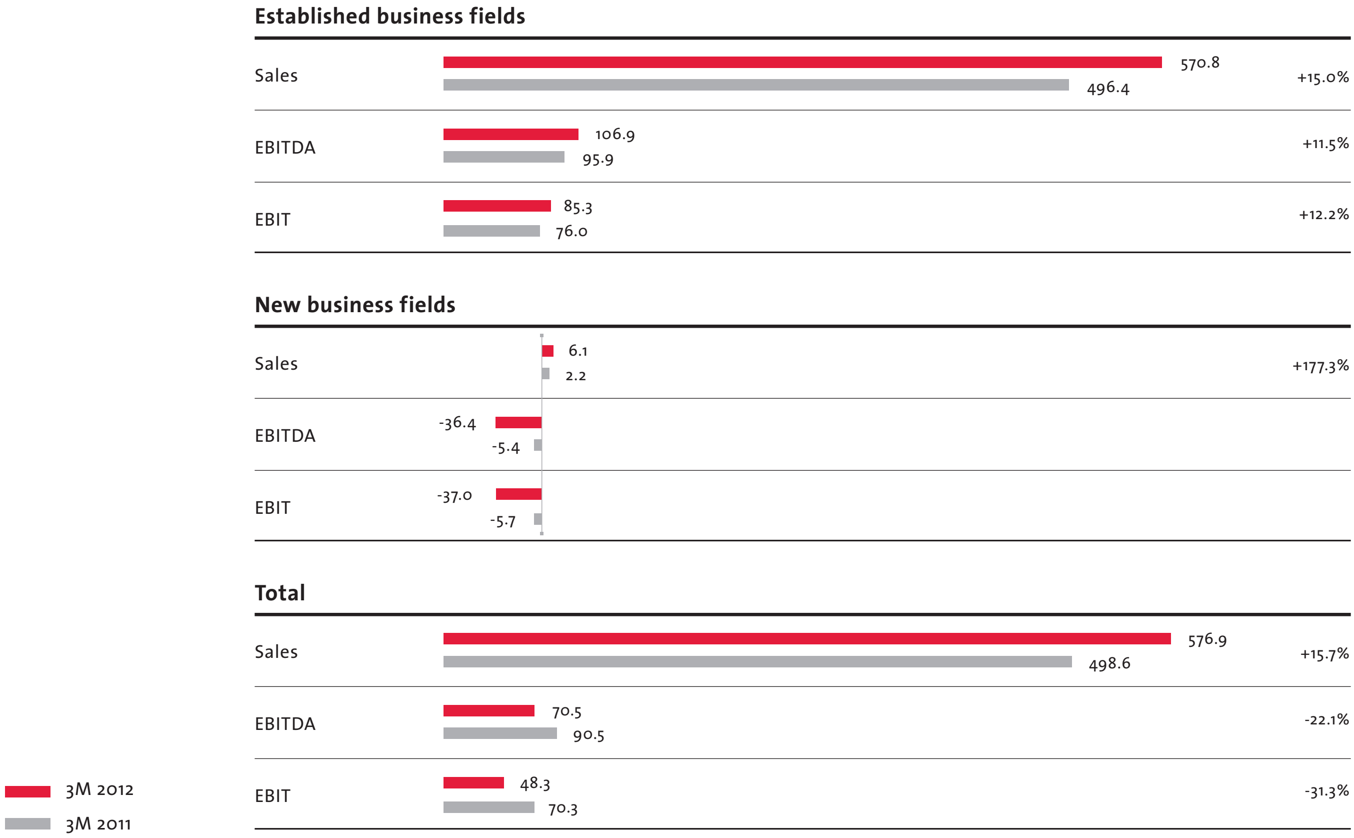
In particular due to the international advertising campaign for the 1&1 MyWebsite, sales and marketing expenses rose from € 80.3 million (16.1% of sales) last year to € 119.5 million (20.7% of sales) in the period under review. Administrative expenses increased proportionately from € 21.6 million (4.3% of sales) last year to € 24.6 million (4.3% of sales).

In the first quarter of 2012, United Internet succeeded in raising earnings significantly in its established business fields. Earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 11.5%, from € 95.9 million last year to € 106.9 million, while earnings before interest and taxes (EBIT) improved by 12.2%, from € 76.0 million last year to € 85.3 million.

As announced in the forecast for the full fiscal year 2012, this positive earnings development in the established business fields was used to invest heavily in the development of new business fields. In the first quarter of 2012, the main focus was placed on the international marketing campaign for the 1&1 MyWebsite, and the development of De-Mail applications. In line with planning, EBIT-effective start-up losses of € 37.0 million (prior year: € 5.7 million) were incurred for these activities in the first quarter of 2012. These start-up losses result mainly from high expenditures for marketing the 1&1 MyWebsite in six European nations, the USA and Canada and are part of total start-up losses planned for new business fields in 2012 of € 86 million to € 124 million.

As a result of these start-up losses, there was an expected overall decline in key earnings figures compared to the same period last year. EBITDA amounted to € 70.5 million (prior year: € 90.5 million) and EBIT totaled € 48.3 million (prior year: € 70.3 million). Pre-tax earnings (EBT) stood at € 44.4 million (prior year: € 64.8 million), while earnings per share (EPS) amounted to € 0.15 (prior year: € 0.20).

Group financial figures in € million



Quarterly development in € million (key figures including new business fields)

	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q1 2011
Sales	510.8	527.7	557.0	576.9	498.6
EBITDA	110.4	85.0	78.9	70.5	90.5
EBIT	89.7	63.6	52.4	48.3	70.3
EBT	79.4	66.0	40.4	44.4	64.8

Cash flow, investment and finance

In particular due to the recognition of start-up costs in the new business fields (€ 37.0 million compared to € 5.7 million in the previous year), operative cash flow fell from € 65.6 million to € 44.9 million and net cash inflows from operating activities from € 39.2 million to € 19.4 million.

Net cash outflows from investing activities amounted to € 8.9 million in the period under review (prior year: net inflows of € 0.6 million). This resulted mainly from expenses of € 8.3 million for investments in intangible assets and property, plant and equipment. In the previous year, investments in intangible assets and property, plant and equipment amounted to € 6.8 million. These prior-year outflows were offset by inflows of € 5.7 million from the disposal of financial assets (sale of investments belonging to the EFF funds).

Net cash flow for financing activities in the first quarter of 2012 was dominated by an outflow for the redemption of loans totaling € 3.3 million. In the previous year, net cash flow for financing activities was dominated by a cash outflow of € 84.8 million for the purchase of treasury shares and a cash inflow of € 20.2 million from the assumption of loans.

Assets and equity

The Group's balance sheet total rose from € 1.187 billion as of December 31, 2011 to € 1.196 billion as of March 31, 2012.

Non-current assets amounted to € 874.6 million (prior year: € 868.7 million). Of this total, goodwill of the highly profitable "Applications" segment accounted for € 402.1 million and was thus largely unchanged (€ 401.3 million as of December 31, 2011).

In the period under review, cash and cash equivalents increased from € 64.9 million as of December 31, 2011 to € 72.1 million. Net bank liabilities fell from € 459.7 million to € 449.2 million.

The number of treasury shares held by United Internet AG as of March 31, 2012 was unchanged at 21,225,158.

After deduction of these treasury shares, the Group's equity ratio amounted to 16.5% as of March 31, 2012 (compared to 13.0% as of December 31, 2011).

Share and dividend

The United Internet AG share closed on March 31, 2012 at € 14.13 and was thus 2.4% above its closing price on December 31, 2011 (€ 13.80).

For the fiscal year 2011, the Management Board and Supervisory Board of United Internet AG propose a dividend payment of € 0.30 per share (prior year: € 0.20). The company's Annual Shareholders' Meeting scheduled for May 31, 2012 will vote on this joint proposal of the Management Board and Supervisory Board.

Employees

At the end of March 2012, United Internet employed a total of 5,775 people (December 31, 2011: 5,593), of which 1,261 were employed outside Germany (December 31, 2011: 1,218). In the first three months of 2012, total headcount therefore rose by 182 employees or 3.3%.

Risk report

The risk policy of United Internet AG 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 management system of United Internet AG regulates the responsible handling of those uncertainties which are involved with economic activity. This is achieved by establishing group-wide risk management, systematically dealing with potential risks, and promoting a risk-oriented approach throughout the entire organization.

In the first quarter of 2012, the overall risk situation remained mostly stable compared with the risk report provided in the annual financial statements 2011. From the current perspective, the major operating risks for the company's present and future assets, liabilities, financial position and profit or loss focus on the threat potential of the internet, the use of hardware and software systems, market regulation, competition and data protection. With the further expansion of its risk management system, United Internet counters these risks and seeks to limit them to a minimum by implementing specific measures, wherever sensible.

There were no risks which directly jeopardized the continued existence of United Internet in the period under review, neither from individual risk positions nor from the aggregated overall risk situation.

Subsequent events

There were no significant events subsequent to the balance sheet date which may have resulted in a different representation of the Company's assets, financial position and earnings or affected the company's accounting and reporting.

Forecast report

Economic prospects

Although the situation remains fragile, the International Monetary Fund (IMF) projects slightly stronger growth in its World Economic Outlook of April 2012 – mainly as a result of the enlarged Euro zone safety net. The IMF now assumes global growth of 3.5% for 2012 and 4.1% for 2013. This represents an increase of 0.2 and 0.1 percentage points over the January 2012 outlook, respectively.

With regard to the Euro zone, the IMF experts continue to forecast recession – albeit in a milder form – and expect output to fall by 0.3%, or 0.2 percentage points less than previously assumed. In particular, the 2012 forecasts for the shrinking economies of the Euro zone heavyweights Spain (-1.8%) and Italy (-1.9%) are still exerting a negative influence. With projected growth of 0.9% for 2013, the IMF also remains cautious regarding the Euro zone's future development.

According to the IMF, Germany is likely to escape recession in the years 2012 and 2013 as a whole. In the current year, the IMF experts forecast growth of 0.6% (and thus 0.3 percentage points more than previously expected). The outlook for 2013 remains unchanged at 1.5%. The IMF growth projections for 2012 and 2013 are thus slightly below those of the German government: in its Annual Economic Report for 2012, the federal government forecasts growth of 0.7% for 2012 and an increase in gross domestic product of 1.6% in 2013.

Market / sector expectations

Further international and national growth is forecast for IT and telecommunications companies in 2012: according to the German industry association BITKOM, the global ICT market will grow by 4.3% to € 2.7 trillion in 2012. Growth is expected to be particularly strong in the categories "Mobile Phones and Smartphones" and "Software", with increases of 9.5% and 5.8%, respectively. Based on the calculations of BITKOM's own research institute EITO, these figures were announced in the run-up to the CeBIT 2012 fair.

BITKOM expects the ICT market in the EU to grow by 1.8% to € 677 billion in 2012. The categories "Software" and "Telecommunication Devices and Infrastructure" are expected to grow fastest – by 4.6% and 4.4%, respectively.

In Germany, the market for IT, telecommunications and digital entertainment electronics is expected to pass the € 150-billion-mark for the first time in 2012. BITKOM anticipates growth of 1.6% to € 151 billion. The IT sector is likely to lead the overall market with growth of 3.1% to € 72.4 billion. Following a difficult year in 2011, the telecommunications sector is due to grow again in 2012 – by 0.6% to € 66.1 billion. Thanks to major sports events like the soccer European Championships, which regularly boost TV sales, the situation in the entertainment electronics market is likely to become increasingly stable and shrink by just 0.9% to € 12.5 billion.

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

Growth in German broadband market primarily qualitative
In view of the comparatively high level of household coverage of almost 70% already achieved – and the trend toward mobile internet – experts continue to forecast only moderate growth for the German broadband market (fixed line-based). The sector association BITKOM, for example, forecasts revenue growth of 2.2% to € 13.9 billion in 2012 for broadband internet connections.

Revenue growth for broadband internet connections (fixed-line) in Germany

	2011	2012e	Growth
Sales in € billion	13.6	13.9	2.2%

Source: BITKOM

Dynamic growth in German mobile internet market

All experts continue to predict dynamic growth for the mobile internet market. Following market growth of 16.0% to € 7.5 billion in 2011, BITKOM also expects growth of 12.0% to € 8.4 billion in 2012. This growth will be driven above all by low – and thus for the consumer attractive – prices, as well as by the boom in smartphones and tablet PCs, as well as their respective applications. BITKOM forecasts sales growth of 35% to 15.9 million sold smartphones in 2012, as well as increased sales of 29% to 2.7 million sold tablets.

Revenue growth for mobile internet market in Germany

	2011	2012e	Growth
Sales in € billion	7.5	8.4	12.0%

Source: BITKOM

Megatrend cloud computing

For many experts and the press in general, cloud computing is currently the most hyped topic in the business. In a survey published in June 2010, IDC (International Data Corporation) forecasts that the cloud market will triple in volume from 2009 to 2013 to a total of USD 44.9 billion. Based on a study of the Experton Group, the sector association BITKOM expects consumer and business cloud sales in Germany to grow by around 47% to € 5.3 billion in 2012 and reach € 17.1 billion by 2016. Average annual growth of 37% is predicted.

Revenue growth for cloud computing in Germany (B2B and B2C)

	2011	2012e	Growth
Sales in € billion	3.6	5.3	47.2%

Source: BITKOM

Growth in German online advertising market

Online advertising activities continued to be dominated by a strong willingness to invest in 2011. As a result, the internet was able to maintain its position as the second most important medium in the media mix. In view of the difficult economic environment and the uncertain development of the Euro crisis, the Online Marketing Group (Online-Vermarkterkreis – OVK) forecasts growth for 2012 of up to 11%.

Revenue growth of the german online advertising market

	2011	2012e	Growth
Gross advertising spend in € billion	5.7	6.3	10.5%

Source: BVDW / OVK

Expectations for the company

Forecasts for 2012 and 2013
United Internet AG will continue to pursue its policy of sustainable growth in fiscal year 2012.

In view of the positive development of sales and customer contracts, strong earnings growth in its established business fields, and the planned gradual decline in start-up losses from new business fields over the coming quarters, United Internet is well on track to reach the targets it set for 2012 as a whole.

Specifically, United Internet expects an increase in sales of approx. 15% in its established business fields and strong growth in earnings in 2012. The company intends to use this growth in earnings for heavy investment in new business fields. United Internet's investments will focus mainly on a year-long international marketing campaign for the 1&1 MyWebsite, and the development and launch of De-Mail applications. The size of the investment will be based on market and customer developments in the respective target countries. Depending on the amount of the actual investments made, United Internet expects EBIT-effective start-up losses of € 86 - € 124 million in its new business fields (prior year: € 61.1 million). In addition to growth of approx. 900,000 customer contracts in its established business fields, the company believes that these investments will enable it to gain an additional 200,000 to 300,000 customer contracts for its new business field "1&1 MyWebsite". Depending on the actually incurred start-up losses in new business fields, consolidated EBIT in 2012 is expected to reach € 243 million to € 281 million (prior year without positive effect from the sale of Versatel shares: € 253.0 million). This corresponds to an EPS result of € 0.80 to € 0.90.

Based on strong customer growth in 2012, United Internet anticipates a significant improvement in earnings in 2013 – both in its established and in its new business fields. EPS is expected to then lie between € 1.00 and € 1.10.

Forward-looking statements and forecasts
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 does not guarantee that these forward-looking statements will prove to be accurate and does not accept any obligation, nor has the intention, to adjust or update the forward-looking statements contained in this report.

Financial Statements

Balance Sheet

as of March 31, 2012 in €k

	March 31, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	72,082	64,867
Accounts receivable and other assets	101,623	106,702
Inventories	20,720	16,720
Prepaid expenses	49,651	43,094
Other financial assets	71,551	83,287
Other non-financial assets	5,894	3,632
	321,521	318,302
Non-current assets		
Shares in associated companies	33,552	33,559
Other financial assets	118,665	102,594
Property, plant and equipment	102,835	110,922
Intangible assets	177,363	187,377
Goodwill	402,060	401,295
Deferred tax asset	40,099	32,962
	874,574	868,709
Total assets	**1,196,095**	**1,187,011**

	March 31, 2012	December 31, 2011
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade accounts payable	154,705	228,981
Liabilities due to banks	84,111	125,152
Advance payments received	9,813	9,077
Accrued taxes	22,499	21,914
Deferred revenue	160,626	138,789
Other accrued liabilities	1,734	1,874
Other financial liabilities	67,805	51,748
Other non-financial liabilities	23,708	19,843
	525,001	597,378
Non-current liabilities		
Liabilities due to banks	437,216	399,441
Deferred tax liabilities	9,625	9,262
Other liabilities	27,293	26,177
	474,134	434,880
Total liabilities	**999,135**	**1,032,258**
Equity		
Capital stock	215,000	215,000
Additional paid-in capital	21,819	21,199
Accumulated profit	213,908	185,065
Treasury stock	–270,751	–270,751
Revaluation reserves	31,280	18,276
Hedging reserves	–5,411	–4,380
Currency translation adjustment	–18,818	–19,287
Equity attributable to shareholders of the parent company	**187,027**	**145,122**
Minority interests	9,933	9,631
Total equity	**196,960**	**154,753**
Total liabilities and equity	**1,196,095**	**1,187,011**

Income Statement

from January 1 to March 31, 2012 in €k

	2012 January – March	2011 January – March
Sales	576,936	498,605
Cost of sales	–380,678	–327,081
Gross profit	**196,258**	**171,524**
Selling expenses	–119,451	–80,333
General administrative expenses	–24,564	–21,556
Other operating income / expenses	–317	4,294
Amortization of intangible assets resulting from company acquisitions	–3,667	–3,668
Operating result	**48,259**	**70,261**
Financial result	–3,903	–2,519
Results from associated companies	25	–2,970
Pre-tax result	**44,381**	**64,772**
Income taxes	–15,240	–20,730
Net income	**29,141**	**44,042**
Attributable to		
- minority interests	298	245
- shareholders of United Internet AG	28,843	43,797

	2012 January – March	2011 January – March
Result per share of shareholders of United Internet AG (in €)		
- basic	0.15	0.20
- diluted	0.15	0.20
Weighted average shares (in Million units)		
- basic	193.78	216.86
- diluted	195.65	219.01
Statement of comprehensive income		
Net income	29,141	44,042
Results directly included in equity		
- currency translation adjustment	473	–3,491
- Market value changes of available-for-sale financial instruments after taxes financial instruments after taxes	13,004	–1,542
- Market value of hedging instruments after taxes	–1,031	0
- Change in associated companies after taxes not affecting net income	0	–33
	12,446	–5,066
Total net income	**41,587**	**38,976**
Attributable to		
- minority interests	302	257
- shareholders of United Internet AG	**41,285**	**38,719**

Cash Flow

from January 1 to March 31, 2012 in €k

	2012 January – March	2011 January – March
Cash flow from operating activities		
Net income	29,141	44,042
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization		
Depreciation and amortization of intangible assets and property, plant and equipment	18,622	16,528
Amortization of intangible assets resulting from company acquisitions	3,667	3,668
Compensation expenses from employee stock option plans	620	721
Results of at-equity companies	–25	2,970
Distributed profit of associated companies	0	181
Income from deconsolidation of affiliated companies	0	–1,995
Change in deferred taxes	–6,774	–46
Non-cash expenses / income	–357	–496
Operative cash flow	**44,894**	**65,573**
Change in assets and liabilities		
Change in receivables and other assets	14,352	13,048
Change in inventories	–3,999	2,315
Change in deferred expenses	–6,556	–1,971
Change in trade accounts payable	–74,274	–44,990
Change in advance payments received	737	224
Change in other accrued liabilities	–140	–740
Change in accrued taxes	584	–3,510
Change in other liabilities	20,363	3,370
Change in deferred income	23,460	5,881
Change in assets and liabilities, total	**–25,473**	**–26,373**
Cash flow from operating activities	**19,421**	**39,200**

	2012 January – March	2011 January – March
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	–8,254	–6,762
Purchase of further shares in affiliated companies	–492	0
Payments from deconsolidation of financial assets	960	5,740
Investments in other financial assets	–385	–11
Payments of loans granted	–3,886	0
Payments from disposal of assets	2,757	1,584
Refunding from shares in associated companies	413	0
Cash flow from investment activities	**–8,887**	**551**
Cash flow from financing activities		
Purchase of treasury stock	0	–84,793
Repayment / taking out of loans	–3,267	20,174
Cash flow from financing activities	**–3,267**	**–64,619**
Net increase/decrease in cash and cash equivalents	7,267	–24,868
Cash and cash equivalents at beginning of fiscal year	64,867	96,091
Currency translation adjustments of cash and cash equivalents	–52	–649
Cash and cash equivalents at end of period	**72,082**	**70,574**

Changes in Shareholders' Equity

from January 1 to March 31, 2012 in €k

	Capital stock		Additional paid-in capital	Accumulated profit	Capital stock	
	Share	€k	€k	€k	Share	€k
Balance as of January 1, 2011	**240,000,000**	**240,000**	**41,649**	**326,663**	**20,563,522**	**–240,977**
Net income				43,797		
Other net income						
Total net income				**43,797**		
Cancellation of treasury shares	–15,000,000	–15,000	–23,502	–138,334	–15,000,000	176,836
Purchase of treasury shares					6,889,121	–84,793
Employee stock ownership programme Sedo Holding			23			
Employee stock ownership programme United Internet			692			
Balance as of March 31, 2011	**225,000,000**	**225,000**	**18,862**	**232,126**	**12,452,643**	**–148,934**
Balance as of January 1, 2012	**215,000,000**	**215,000**	**21,199**	**185,065**	**21,225,158**	**–270,751**
Net income				28,843		
Other net income						
Total net income				**28,843**		
Employee stock ownership programme Sedo Holding			3			
Employee stock ownership programme United Internet			617			
Balance as of March 31, 2012	**215,000,000**	**215,000**	**21,819**	**213,908**	**21,225,158**	**–270,751**

Revaluation reserve	Hedging-reserve	Currency translation	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
€k	€k	€k	€k	€k	€k
25,442	**0**	**–20,038**	**372,739**	**9,684**	**382,423**
			43,797	245	44,042
–1,575		–3,503	–5,078	12	–5,066
–1,575	**0**	**–3,503**	**38,719**	**257**	**38,976**
			0		0
			–84,793		–84,793
			23	6	29
			692		692
23,867	**0**	**–23,541**	**327,380**	**9,947**	**337,327**
18,276	**–4,380**	**–19,287**	**145,122**	**9,631**	**154,753**
			28,843	298	29,141
13,004	–1,031	469	12,442	4	12,446
13,004	**–1,031**	**469**	**41,285**	**302**	**41,587**
			3		3
			617		617
31,280	**–5,411**	**–18,818**	**187,027**	**9,933**	**196,960**

Notes

1. Information on the company

United Internet AG is a service company operating in the telecommunication and information technology sector with registered offices at Elgendorfer Strasse 57, 56410 Montabaur, Germany. The company is registered at the district court of Montabaur under HR B 5762.

2. Significant accounting, valuation and consolidation principles

As was the case with the consolidated financial statements as of December 31, 2011, the interim report of United Internet AG as of March 31, 2012 complies with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the EU.

The condensed consolidated interim report for the period from January 1, 2012 to March 31, 2012 was prepared in accordance with IAS 34 *Interim Financial Reporting*.

A condensed reporting format was chosen for the presentation of this consolidated interim report, as compared with the consolidated financial statements, and is thus to be read in conjunction with the consolidated financial statements as of December 31, 2011. With the exception of the mandatory new standards described below, the accounting and valuation principles applied in the condensed consolidated interim report generally comply with the methods applied in the previous year.

Mandatory adoption of new accounting standards

Initial application of the amended standard IAS 12 *"Income Taxes" – Deferred Tax: Recovery of Underlying Assets issued by the IASB in December 2010* (January 1, 2012) as well as the amendments to IFRS 1 *"First-time Adoption of International Financial Reporting Standards" – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (July 1, 2011) had no impact on the accounting and valuation methods applied in the consolidated financial statements. The two amendments have not yet been endorsed by the EU.

The Group will implement any amendments to its disclosures on transfers of financial assets necessitated by the amendment to IFRS 7 *"Financial Instruments: Disclosures" – Disclosures – Transfers of Financial Assets* as published by the IASB on October 7, 2010 (July 1, 2011) in its consolidated financial statements as of December 31, 2012.

Use of estimates and assumptions

The preparation of the condensed consolidated interim report requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty associated with these assumptions and estimates could lead to results which require material adjustments to the carrying amount of the asset or liability affected in future periods.

Miscellaneous

The consolidated interim report includes all subsidiaries and associated companies.

The following companies were formed in the reporting period 2012:

- 1&1 Access Holding GmbH
- 1&1 Corporate Services GmbH
- 1&1 Internet Service Holding GmbH
- 1&1 Telecom Holding GmbH

Otherwise, the consolidated group remained largely unchanged from that stated in the consolidated financial statements as of December 31, 2011.

This consolidated interim report was not audited according to Sec. 317 HGB nor re-viewed by an auditor.

Explanations of items in the statement of comprehensive income

3. Segment reporting

According to IFRS 8, the identification of operating segments to be included in the reporting process is based on the so-called management approach. External reporting should therefore be based on the Group's internal organization and management structure, as well as internal financial reporting to the "Chief Operating Decision Maker". In the United Internet Group, the Management Board is responsible for assessing and controlling the success of the various segments.

January – March 2012	Access segment €k	Applications segment €k	Head Office / Investments €k	Reconciliation €k	United Internet Group €k
Total revenues	375,851	202,035	954	-	-
- thereof internal revenues	211	803	890	-	-
External revenues	375,640	201,232	64	-	576,936
- thereof domestic	375,640	138,522	64	-	514,226
- thereof non-domestic	0	62,710	0	-	62,710
EBITDA	41,254	30,697	–1,403	0	70,548
EBIT	34,777	14,918	–1,436	0	48,259
Financial result			–2,596	–1,307	–3,903
Result from at-equity companies			12	13	25
EBT			–4,020	48,401	44,381
Tax expense				–15,240	–15,240
Net income					**29,141**
Investments in intangible assets, property, plant and equipment	967	7,219	68	-	8,254
Amortization/depreciation	6,477	15,779	33	-	22,289
- thereof intangible assets, property, plant and equipment	6,477	12,112	33	-	18,622
- thereof intangible assets capitalized during company acquisitions	0	3,667	0	-	3,667
Number of employees	1,862	3,884	29	-	5,775
- thereof domestic	1,784	2,701	29	-	4,514
- thereof non-domestic	78	1,183	0	-	1,261

The Management Board of United Internet AG mainly controls operations on the basis of key earnings figures. The Management Board of United Internet AG measures segment success primarily on the basis of sales revenues, earnings before interest, taxes, depreciation and amortization (EBITDA) and the result of ordinary operations (EBIT). Transactions between segments are charged at market prices. Sales revenues outside Germany stated for information purposes are allocated to the country in which the company is domiciled.

The reconciliation of earnings before taxes (EBT) represents the corresponding EBT contribution of the "Access" and "Applications" segments.

Segment reporting of United Internet AG in the reporting period of 2012 and 2011 was as shown in the tables below:

January – March 2011	**Access segment €k**	**Applications segment €k**	**Head Office / Investments €k**	**Reconciliation €k**	**United Internet Group €k**
Total revenues	321,459	177,944	889	-	-
- thereof internal revenues	259	612	816	-	-
External revenues	321,200	177,332	73	-	498,605
- thereof domestic	321,200	122,854	73	-	444,127
- thereof non-domestic	0	54,478	0	-	54,478
EBITDA	31,076	58,893	488	0	90,457
EBIT	23,823	45,992	446	0	70,261
Financial result			–1,577	–942	–2,519
Result from at-equity companies			–2,990	20	–2,970
EBT			–4,121	68,893	64,772
Tax expense				–20,730	–20,730
Net income					**44,042**
Investments in intangible assets, property, plant and equipment	1,820	4,909	33	-	6,762
Amortization/depreciation	7,253	12,901	42	-	20,196
- thereof intangible assets, property, plant and equipment	7,253	9,233	42	-	16,528
- thereof intangible assets capitalized during company acquisitions	0	3,668	0	-	3,668
Number of employees	1,699	3,402	30	-	5,131
- thereof domestic	1,635	2,417	30	-	4,082
- thereof non-domestic	64	985	0	-	1,049

4. Personnel expenses

Personnel expenses amounted to € 63,324k in the reporting period of 2012 (prior year: € 53,473k). At the end of March 2012, United Internet employed a total of 5,775 people, of which 1,261 were employed outside Germany. The number of employees at the end of March 2011 amounted to 5,131, of which 1,049 were employed outside Germany.

5. Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 18,622k (prior year: € 16,528k).

Amortization of capitalized intangible assets resulting from business combinations amounted to € 3,667k (prior year: € 3,668k).

Total depreciation and amortization thus amounted to € 22,289k in the reporting period of 2012 (prior year: € 20,196k).

Explanations of balance sheet items

Explanations are only given for those items which display notable changes in the amounts presented as compared with the last consolidated financial statements.

6. Other financial assets

The development of these shares was as follows:

		Amortization of revaluation reserve not recognized in income					
	Jan. 1, 2012 €k	Additions €k	Recycling €k	Addition €k	Reclassification €k	Disposals €k	March. 31, 2012 €k
Goldbach shares	14,957			3,136			18,093
Hi-media shares	10,464			1,941			12,405
Afilias shares	7,936						7,936
freenet shares	38,143			8,125			46,268
Portfolio companies of EFF No. 3	11,205					–960	10,245
Purchase price receivable	9,519						9,519
Others	10,370	4,271			–381	–61	14,199
	102,594	**4,271**	**0**	**13,202**	**–381**	**–1,021**	**118,665**

The subsequent valuation of listed shares in Goldbach, Hi-media and freenet to fair value as of the balance sheet date led to a net increase in the revaluation reserve without recognition in income.

7. Property, plant and equipment, intangible assets and goodwill

A total of € 8,254k (prior year: € 6,762k) was invested in property, plant and equipment and intangible assets during the interim reporting period. Investments focused mainly on the expansion of infrastructure and the data centers.

Goodwill of € 402,060k consists solely of assets belonging to the “Applications” segment.

8. Liabilities due to banks

Bank liabilities result mainly from two syndicated loans (I and II).

Syndicated Loan I was signed on September 14, 2007 and is divided into a Tranche A amounting to € 300 million and a Tranche B of originally € 200 million. Tranche A has a term of five years and is to be redeemed from March 14, 2010 in six equal half-yearly installments. The fifth contractual repayment of € 50 million was made in the first quarter of 2012. As of March 31, 2012, € 50 million has thus been used from Tranche A, which will be redeemed in the third quarter of 2012. Tranche B was a revolving syndicated loan expiring on September 13, 2012, which was prematurely redeemed in connection with the conclusion of a new Syndicated Loan II with a total amount committed of € 480 million.

Syndicated Loan II was concluded on June 7, 2011. The credit line II is divided into a Tranche A amounting to € 120 million and a Tranche B of € 360 million. Tranche A is a bullet loan with a term of five years. Tranche B is a revolving syndicated loan which is also used to refinance Tranche B of the syndicated loan of September 14, 2007. Syndicated Loan II expires on June 7, 2016. As of March 31, 2012, € 120 million have been used from Tranche A and € 240 million from Tranche B.

A promissory note loan ("Schuldscheindarlehen") of € 150.0 million was negotiated on July 23, 2008. The loan was redeemable on maturity and divided into a Tranche A of € 78.0 million with a term until July 23, 2011 and a Tranche B of € 72.0 million with a term until July 23, 2013. Tranche A was redeemed in the third quarter of 2011.

9. Other current financial liabilities

Current financial liabilities consist mainly of marketing and selling expenses, salary liabilities, and liabilities resulting from interest hedging transactions.

10. Other non-current liabilities

Non-current financial liabilities result largely from non-controlling interests of the partnerships European Founders Fund No. 2 and European Founders Fund No. 3, liabilities from interest hedging transactions, and the option agreement (put option) for the remaining shares in united-domains AG.

11. Capital stock / Treasury shares

As of March 31, 2012, fully paid capital stock amounted to € 215,000,000 divided into 215,000,000 registered shares each having a theoretical share in the capital stock of € 1.

As of March 31, 2012, the Company held a total of 21,225,158 treasury shares or 9.87% of current capital stock. Treasury shares reduce equity capital and are not entitled to dividend payments.

12. Revaluation reserve

The change in revaluation reserves resulted mainly from the subsequent valuation of shares in Goldbach, Hi-media and freenet. Profits and losses from subsequent valuation to fair value are recognized directly in equity capital at net value, i.e. less deferred taxes. Please see Note 6 for details.

Other items

13. Transactions with related parties

United Internet AG is subject to significant influence, as defined by IAS 24, from Mr. Ralph Dommermuth, the major shareholder, as well as from the members of the Management Board and Supervisory Board.

There is no change in the circle of related parties as compared with the consolidated financial statements as at December 31, 2011.

The number of shares and subscription rights in United Internet AG held directly or indirectly by members of the Management Board and Supervisory Board is shown in the following table:

	March 31, 2012	
	Shares (number)	Subscription rights (number)
Management Board		
Ralph Dommermuth	90,000,000	–
Norbert Lang	442,877	1,400,000
Total	**90,442,877**	**1,400,000**
Supervisory Board		
Kurt Dobitsch (Chairman)	–	–
Kai-Uwe Ricke	–	–
Michael Scheeren	700,000	–
Total	**700,000**	**–**

United Internet's premises in Montabaur are leased from Mr. Ralph Dommermuth. The resulting rent expenses are customary and amounted to € 702k in the reporting period of 2012 (prior year: € 605k).

The United Internet Group can also exert a material influence on its associated companies.

No significant transactions took place.

14. Subsequent events

There were no significant events subsequent to the balance sheet date which may have resulted in a different representation of the Company's assets, financial position and earnings.

Montabaur, May 10, 2012

The Management Board

Ralph Dommermuth Norbert Lang

Income Statement

Quarterly development in € million

	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q1 2011
Sales	510.8	527.7	557.0	576.9	498.6
Cost of sales	–347.2	–344.2	–357.2	–380.6	–327.1
Gross profit	**163.6**	**183.5**	**199.8**	**196.3**	**171.5**
Selling expenses	–70.0	–90.0	–116.5	–119.4	–80.3
General administrative expenses	–24.9	–24.9	–31.5	–24.6	–21.5
Other operating income / expense	24.6	–1.4	7.8	–0.3	4.3
Amortization of intangible assets resulting from company acquisitions	–3.6	–3.6	–3.7	–3.7	–3.7
Amortization of goodwill	0.0	0.0	–3.5	0.0	0.0
Operating result	**89.7**	**63.6**	**52.4**	**48.3**	**70.3**
Financial result	–2.8	1.6	–8.8	–3.9	–2.5
Amortization of investments	0.0	0.0	–6.3	0.0	0.0
Result from at-equity companies	–7.5	0.8	3.1	0.0	–3.0
Pre-tax result	**79.4**	**66.0**	**40.4**	**44.4**	**64.8**
Income taxes	–21.2	–21.9	–24.4	–15.2	–20.8
Net income	**58.2**	**44.1**	**16.0**	**29.2**	**44.0**
Attributable to					
- minority interests	0.2	0.3	–0.7	0.3	0.2
- shareholders of United Internet AG	58.0	43.8	16.7	28.9	43.8
Result per share of shareholders of United Internet AG (in €)					
- basic	0.28	0.21	0.10	0.15	0.20
- diluted	0.28	0.21	0.09	0.15	0.20

Financial calendar

March 16, 2012	Preliminary results 2011
March 29, 2012	Annual financial statements for fiscal year 2011
May 10, 2012	3-Month Report 2012
May 31, 2012	Annual Shareholders' Meeting, Alte Oper Frankfurt/Main
August 14, 2012	6-Month Report 2012
November 22, 2012	9-Month Report 2012

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This report is 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.

Disclaimer
This report contains certain forward-looking statements which reflect the current views of United Internet AG's management with regard to future events. These forward looking statements are based on our currently valid plans, estimates and expectations. The forward-looking statements made in this report are only based on those facts valid at the time when the statements were made. Such statements are subject to certain risks and uncertainties, as well as other factors which United Internet often cannot influence but which might cause our actual results to be materially different from any future results expressed or implied by these statements. Such risks, uncertainties and other factors are described in detail in the Risk Report section of the Annual Reports of United Internet AG. United Internet does not intend to revise or update any forward-looking statements set out in this report.

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