3-Month Report

2011

united internet

Selected key figures acc. to IFRS

	Jan. – March 2011	Jan. – March 2010
Sales in € million	498.6	462.8
Earnings before interest, taxes, depreciation and amortization (EBITDA) in € million	90.5	90.3
Earnings before interest and taxes (EBIT) in € million	70.3	70.7
Earnings before taxes (EBT) in € million	64.8	57.1
Employees at end of March (number)	5,131	4,626
Share price at end of March (Xetra) in €	12.70	11.23
Earnings per share (EPS) in €	0.20	0.17

Quarterly development in € million

	Q2/2010	Q3/2010	Q4/2010	Q1/2011	Q1/2010
Sales	468.0	478.2	498.1	498.6	462.8
EBITDA	91.7	88.8	86.9	90.5	90.3
EBIT	71.5	68.4	60.9	70.3	70.7
EBT	60.2	64.3	34.2	64.8	57.1

Content

Dear shareholders, employees and friends of United Internet,

United Internet got off to a successful start in 2011. We were able to expand our business and customer figures and are well on track to achieving the targets we set ourselves for 2011.

In the first quarter of 2011, we raised consolidated sales to the new record level of € 498.6 million. This represents growth of 7.7% over the first quarter of 2010. We also achieved strong growth in customer contracts: with the addition of 210,000 new contracts, we easily exceeded the first quarter of 2010 (180,000 new customers) as well as all other quarters last year. Despite increased sales and marketing expenses in this connection of € 10.3 million compared to the first quarter of 2010 and high costs for the development of new products, we achieved very good earnings. With EBITDA of € 90.5 million (prior year: € 90.3 million) and EBIT of € 70.3 million (prior year: € 70.7 million), earnings reached the same high level as last year. Earnings before taxes (EBT) grew by 13.5% from € 57.1 million to € 64.8 million. Earnings per share (EPS) improved by 17.6% from € 0.17 to € 0.20.

In our “Access” segment, the number of fee-based contracts grew by 80,000 to 3.71 million in the first quarter of 2011 – following stagnating customer figures in the first quarter of 2010. In our Mobile Internet business we activated 100,000 new customer contracts and thus raised the number of customers to 370,000. We also achieved growth in complete DSL contracts (of particular importance for us), adding a further 50,000 customer relationships to reach a total of 2.37 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 – 70,000 customer relationships were lost. As a result of this encouraging development in customer figures, sales of our “Access” segment grew strongly by 6.8% to € 321.2 million in the first quarter of 2011. Due to increased costs for new customer acquisition and the additional marketing – compared to the first quarter of 2010 – of our Mobile Internet products, however, EBITDA and EBIT were slightly down on the previous year at € 31.1 million (prior year: € 31.7 million) and € 23.8 million (prior year: € 25.2 million), respectively.

We also invested heavily in customer growth in our “Applications” segment during the first quarter of 2011. The number of fee-based contracts world-wide grew by 130,000 to 6.26 million (of which 2.52 million abroad) as of March 31, 2011. This growth in contracts resulted from 100,000 new Business Applications contracts to 4.40 million and 30,000 new Consumer Application contracts to 1.86 million. At the same time, the number of ad-financed accounts grew from 28.0 million to over 28.3 million. In addition to this successful customer acquisition, we continued to drive our international expansion with the launch of fee-based products in Poland and entry into the Canadian and Argentinean markets. Thanks to stable global customer growth, sales in the “Applications” segment rose sharply by 9.6% to € 177.3 million in the first quarter of 2011. Despite high expenditure for the development of new Cloud products, preparations for the De-Mail roll-out, international expansion, and greatly increased marketing expenses, especially for the additional marketing – compared to the first quarter of 2010 – of our new Do-it-Yourself Homepage, segment EBITDA was only slightly down on the previous year at € 58.9 million (prior year: € 60.5 million) while segment EBIT reached € 46.0 million (prior year: € 47.4 million).

In view of the successful start to fiscal year 2011, we can confirm our forecasts and expect consolidated sales to break the € 2 billion mark for the first time in our history. Sales growth is expected to reach around 5% in the Access segment and around 10% in the Applications segment. We expect to add 700,000 new fee-based customer contracts in total during 2011.

We shall continue to pursue our business strategy geared toward sustainable growth in the rest of fiscal year 2011 and invest heavily in new business fields and customer growth. One area of focus will be the development of new Business Applications and entry into new foreign markets. We also plan to expand our Mail.com service acquired in late 2010, in order to gain more users for our Consumer Applications on the US market. We also intend to drive our De-Mail project following the introduction of the respective De-Mail legislation, adopted by the German parliament in late February 2011. Despite the high start-up costs associated with these projects, EBITDA in 2011 is expected to reach the level of 2010 (€ 357.7 million). EBT is likely to be around € 250 million and EPS around € 0.80.

We are excellently placed and look forward to the new fiscal year with confidence. In view of the success already enjoyed in the first few months of the year, 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 12, 2011

Ralph Dommermuth

Group management report for the first quarter of 2011

Economic environment

Global economic upturn gaining in pace and scope

In its spring economic outlook for 2011, the International Monetary Fund (IMF) states that the global economic upturn has gained in both pace and scope over the course of the year so far. The IMF believes that the danger of a feared relapse into recession has now receded. However, the IMF also reports that the development so far this year indicates a global upturn of varying speeds, with strong growth and the danger of overheating in certain emerging nations and more modest growth rates in the traditional industrialized nations. Against this backdrop, the IMF made no changes to its global economic growth forecasts for 2011 and 2012.

Despite this optimistic economic outlook, the IMF called on Europe in particular to reduce its state debts. Although the EU nations had already taken steps to defuse the debt crisis, the IMF believes that further steps will be necessary to safeguard financial stability. Compared to its global economic outlook of January 2011, the IMF upgraded its growth forecasts for the EU nations by 0.1 percentage points to 1.6% and 1.8% for 2011 and 2012, respectively – although the Fund still expects significant regional differences.

In view of the development so far, the German economy is in a healthy condition. The IMF now forecasts growth of 2.5% for 2011 and 2.1% for 2012 – an increase of 0.3 percentage points for 2010 and 0.1 percentage points for 2011 compared to the January forecast. The German government is similarly optimistic about the current development and has also raised its forecasts by 0.3 percentage points.

ICT mood reaches all-time high

With the growth of national economies and the associated increase in demand, the mood of the high-tech industry reached an all-time high in the first quarter of 2011. This is the conclusion of the most recent survey conducted by the German ICT association BITKOM. 78% of companies in the IT, telecommunications and consumer electronics industry reported increased sales in the first three months of the year, compared with the same period last year.

The BITKOM sector index rose to 72 points – its highest ever level since the quarterly survey was launched ten years ago. According to BITKOM, this upbeat mood is to be found in virtually every segment of the high-tech industry. Companies are benefiting from the general economic upturn as well as from the continued boom in new products and solutions, such as tablet PCs, smartphones and cloud computing.

According to the survey's findings, companies are also optimistic about the year as a whole: 87% of those questioned expect their revenues to grow in 2011.

Business development of the Group

Overview of United Internet

United Internet AG is the leading European internet specialist with around 10 million fee-based customer contracts and over 28 million ad-financed free accounts. The operating activities of United Internet AG are divided into the two segments “Access” and “Applications”.

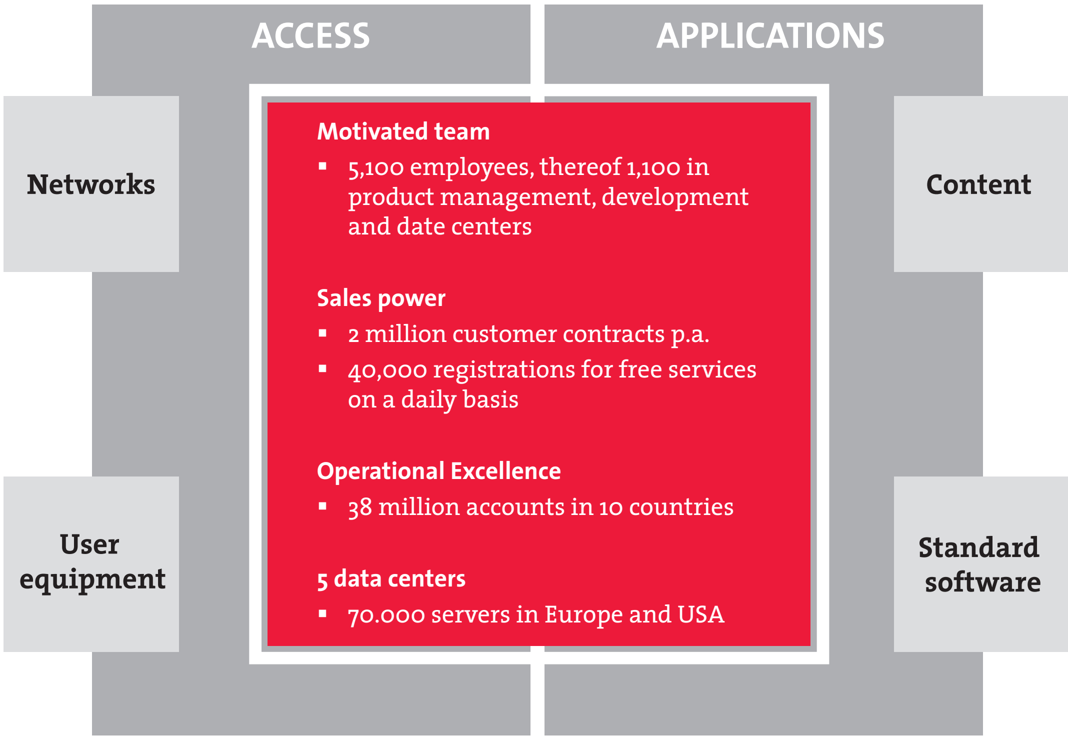
The “Access” segment comprises the company’s fee-based fixed-line and mobile access products, including the respective applications (such as home networks, telephony and entertainment). We operate solely in Germany in this segment, where we are one of the leading providers. We remain independent of network 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 our own “Internet Factory” in order to differentiate ourselves from the competition. Access products are marketed by our strong brands GMX, WEB.DE and 1&1, which reach a mass market while also targeting specific customer groups.

The “Applications” segment comprises our application business – whether ad-financed or via fee-based subscriptions. These applications include websites 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 in our own “Internet Factory” or in cooperation with partner firms and run at our data centers. Applications are marketed to various target groups via our brands GMX, WEB.DE, 1&1, united-domains, Fasthosts and InterNetX. We also offer our customers performance-based advertising and sales possibilities via Sedo and affilinet.

Development of “Access” segment

Sales of the “Access” segment grew strongly by 6.8% to € 321.2 million in the first quarter of 2011. Due to increased costs for new customer acquisition and the additional marketing – compared to the first quarter of 2010 – of our Mobile Internet products, however, EBITDA and EBIT were slightly down on the previous year at € 31.1 million (prior year: € 31.7 million) and € 23.8 million (prior year: € 25.2 million), respectively. Customer acquisition costs and costs for the migration of resale DSL connections to complete packages (ULL) continue to be charged directly as expenses.

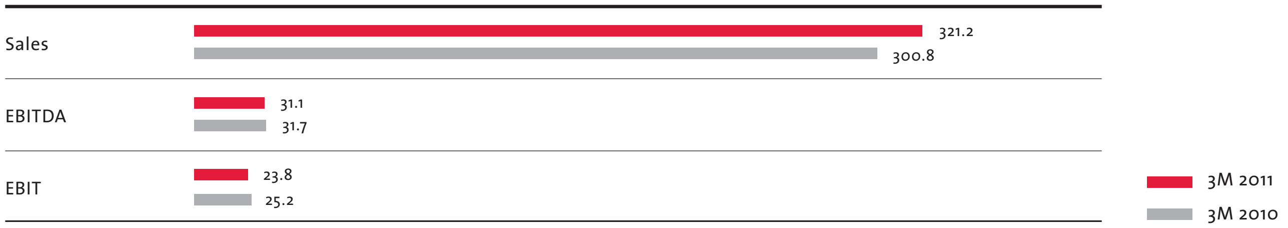
UNITED INTERNET – “INTERNET FACTORY”



1&1 GMX WEB.DE fasthosts

InterNetX united domains THE DOMAIN PEOPLE sedo HOLDING

Financial figures for “Access” segment in € million



Quarterly development in € million

	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q1 2010
Sales	301.4	310.8	317.1	321.2	300.8
EBITDA	34.5	36.4	20.0	31.1	31.7
EBIT	28.0	29.6	9.2	23.8	25.2

The number of contracts in this segment grew by 80,000 in the first quarter of 2011 to reach a total of 3.71 million as of March 31, 2011. In our Mobile Internet business we were able to activate 100,000 new customer contracts and thus raise the total number of customers to 370,000. We also achieved growth in complete DSL contracts (of particular importance for us), adding a further 50,000 customer relationships to reach a total of 2.37 million. As expected however, the number of customer contracts for those business models gradually being phased out (narrowband, T-DSL and R-DSL) fell – 70,000 customer relationships were lost in the first quarter 2011.

Development of customer contracts in the first quarter of 2011

“Access” customer contracts	Dec. 31, 2010	March 31, 2011	Change
Access, total	3.63 million	3.71 million	+ 80,000
of which DSL complete (ULL)	2.32 million	2.37 million	+ 50,000
of which Mobile Internet	0.27 million	0.37 million	+ 100,000
of which narrowband / T-DSL / R-DSL	1.04 million	0.97 million	- 70,000

Year-on-year development of customer contracts

“Access” customer contracts	March 31, 2010	March 31, 2011	Change
Access, total	3.50 million	3.71 million	+ 210,000
of which DSL complete (ULL)	1.91 million	2.37 million	+ 460,000
of which Mobile Internet	0.09 million	0.37 million	+ 280,000
of which narrowband / T-DSL / R-DSL	1.50 million	0.97 million	- 530,000

Product highlights in the first quarter of 2011

In the first quarter of 2011, we focused mainly on upgraded DSL products in line with our quality drive and customer retention efforts, as well as on new end-user devices for our Mobile Internet business:

- **Cloud storage for 1&1 DSL Home Network:** As of January 2011, our 1&1 brand provides 100 GB of free online storage space for all DSL premium tariffs. Data can be archived from any computer in the customer's home network. The files are securely stored at one of 1&1's high-performance data centers, i.e. outside the customer's home. With the aid of a password, this Personal Cloud Storage data can not only be accessed from all PCs in the home network, but also from outside the home via the internet – as easily as using a local hard drive. Moreover, users can also share holiday photos with friends and acquaintances, for example, with password protection. If necessary, the storage space can also be expanded.
- **1&1 Mobile secures exclusive German launch of LG OPTIMUS BLACK:** In late March 2011, the new high-end smartphone LG OPTIMUS BLACK was launched by 1&1 in connection with its 1&1 All-Net-Flat tariff. The LG OPTIMUS BLACK features the new NOVA display with a screen size of 10.2 centimeters and a bright, clear and contrast-rich display. The Android smartphone is also one of the thinnest smartphones on the market, as well as one of the lightest at just 109 grams. Moreover, the LG OPTIMUS BLACK boasts extremely low energy consumption, requiring up to 50% less power than comparable smartphones with conventional LCD displays.

Outlook

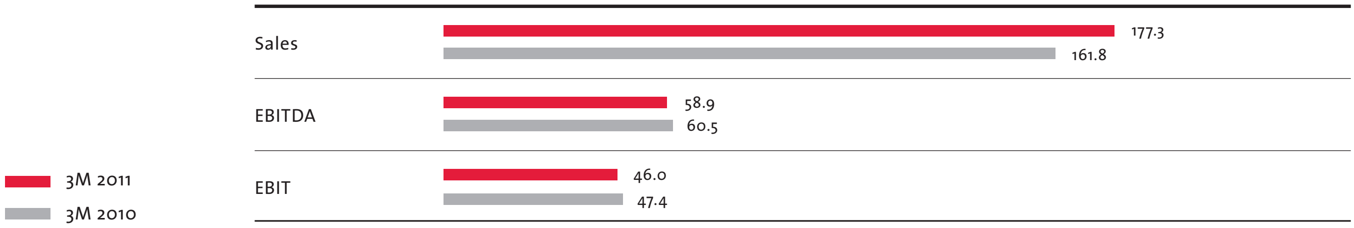
In the field of fixed-line products, we aim to enhance customer retention by migrating them to complete packages (ULL) with the aid of our personalized service as well as transparent and flexible products. Moreover, we aim to raise average revenue per contract and generate further growth by integrating additional features and new applications. Customer growth in this segment will be driven mainly by our Mobile Internet products.

Sales in the Access segment are expected to grow by around 5% in fiscal year 2011.

Development of "Applications" segment

Sales of the "Applications" segment grew strongly by 9.6% to € 177.3 million in the first quarter of 2011. Despite high expenditure for the development of new Cloud products, preparations for the De-Mail roll-out, international expansion, and greatly increased marketing expenses, especially for the additional marketing – compared to the first quarter of 2010 – of our new Do-it-Yourself Homepage, segment EBITDA was only slightly down on the previous year at € 58.9 million (prior year: € 60.5 million) while segment EBIT reached € 46.0 million (prior year: € 47.4 million). Our foreign business grew by 22.5% and contributed a total of € 54.5 million (prior year: € 44.5 million) to segment sales.

Financial figures for "Applications" segment in € million



Quarterly development in € million

	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q1 2010
Sales	166.4	167.3	181.0	177.3	161.8
EBITDA	58.4	53.9	59.9	58.9	60.5
EBIT	44.9	40.2	44.8	46.0	47.4

We also invested heavily in customer growth in the "Applications" segment during the first quarter of 2011. The number of fee-based contracts world-wide grew by 130,000 to 6.26 million (of which 2.52 million abroad). This growth in contracts resulted from 100,000 new Business Applications contracts to 4.40 million and 30,000 new Consumer Application contracts to 1.86 million. At the same time, the number of ad-financed accounts grew from 28.0 million to 28.3 million. In addition to this successful customer acquisition, we continued to drive our international expansion with the launch of fee-based products in Poland and entry into the Canadian and Argentinean markets.

Development of customer contracts in the first quarter of 2011

"Applications" customer contracts	Dec. 31, 2010	March 31, 2011	Change
Total fee-based contracts	6.13 million	6.26 million	+ 130,000
of which "domestic"	3.68 million	3.74 million	+ 60,000
of which "foreign"	2.45 million	2.52 million	+ 70,000
Ad-financed accounts	28.0 million	28.3 million	+ 300,000

Year-on-year development of customer contracts

"Applications" customer contracts	March 31, 2010	March 31, 2011	Change
Total fee-based contracts	5.83 million	6.26 million	+ 430,000
of which "domestic"	3.53 million	3.74 million	+ 210,000
of which "foreign"	2.30 million	2.52 million	+ 220,000
Ad-financed accounts	27.0 million	28.3 million	+ 1,300,000

Product highlights in the first quarter of 2011

In the first quarter of 2011, activities focused on the expansion of our sales activities for Business Applications and the launch of new Consumer Applications:

- **1&1 rolls out indirect sales for hosting and cloud products:** United Internet's 1&1 brand aims to enhance its appeal for professional sales partners with a new marketing and support program. 1&1 plans to extend its indirect sales activities to hosting and cloud products. The 1&1 Hosting Partner concept targets professional internet service providers and aims to support the sale of websites, domains, e-shops, mail and server solutions, for example, by offering attractive services and individualized partner support. 1&1 partners include IT companies which focus on the SoHo/SMB customer segment, especially web agencies, IT service providers, smaller computer retailers and full-service internet providers. 1&1 provides these business partners with a product range which not only comprises a wide range of services but also offers attractive commissions.
- **WEB.DE mailbox becomes Online Office:** The new WEB.DE Online Office is a free, fully-featured office solution with programs for word processing, spreadsheet calculations and presentations. WEB.DE users can thus access all common office applications via their mailbox and open, create or edit documents, presentations and tables without installing any additional software. The service supports all standard office formats, such as doc, docx, ppt and xls. Files can be easily edited – even if they were created with other office applications – without having to be downloaded. A spell-check function is available for

numerous languages. WEB.DE Online Office applications can access both local hard drives on the respective computer and the virtual WEB.DE SmartDrive. Users who store their documents online on the WEB.DE SmartDrive can also securely view, save, edit and mail them from any PC with an internet connection.

Outlook
With our strong brands and existing customer relations with millions of private users, freelancers and small businesses, we are also excellently positioned in this business segment.

In the field of Business Applications, we will continue our international expansion and target further growth with the aid of new, higher-priced cloud applications which will open up new business opportunities on the internet for our customers and help them digitize their corporate processes. In our Consumer Applications business, we believe that our increasingly wide range of products will enable us to convert ever more ad-financed users into paying customers. As Germany's leading email provider, we also intend to enter the field of legally secure email communication (De-Mail) in fiscal year 2011 and drive the internationalization of our Consumer Applications on the US market via Mail.com.

Sales in the Applications segment are expected to grow by around 10% in fiscal year 2011.

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

Consolidated earnings

United Internet can look back on a successful first three months of 2011. Consolidated sales of United Internet AG grew by 7.7% in the period under review, from € 462.8 million last year to € 498.6 million. In the "Access" segment, sales rose 6.8% from € 300.8 million last year to € 321.2 million, and in the "Applications" segment sales increased by 9.6% from € 161.8 million last year to € 177.3 million.

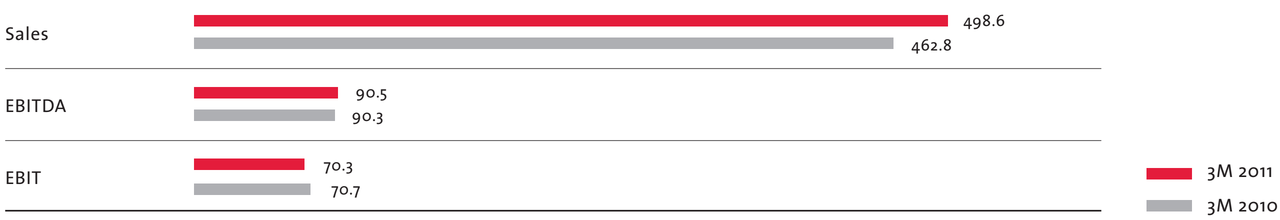
Consolidated gross margin fell from 37.0% in the same period last year to 34.4%. The main reason was increased purchases of pre-services (despite improved pre-service conditions) due to our strong customer growth, as well as the recognition of increased hardware subsidies for our Mobile Internet business with a corresponding effect on earnings. We launched our Mobile Internet business in July 2010. There were no similar costs in the first quarter of 2010.

Sales and marketing expenses rose from € 70.0 million (15.1% of sales) in the previous year to € 80.3 million (16.1% of sales) in the period under review. This increase was mainly due to the additional marketing – compared to the first quarter of 2010 – of our new access and cloud products, especially Mobile Internet and the Do-it-Yourself Homepage. Administrative expenses fell to € 21.6 million in the period under review (4.3% of sales), compared to € 22.4 million (4.8% of sales) in the previous year.

Despite higher cost of sales and marketing expenses, earnings before interest, taxes, depreciation and amortization (EBITDA) were 0.2% up on the previous year at € 90.5 million. Earnings before interest and taxes (EBIT) fell 0.6% short of the prior-year figure at € 70.3 million.

Thanks to an improved financial result and the reduced losses from associated companies, earnings before taxes (EBT) grew by 13.5% to € 64.8 million and consolidated net income by 14.3% to € 44.0 million. As a consequence, earnings per share (EPS) improved from € 0.17 last year to € 0.20 in the first quarter of 2011. This increase was aided by the cancellation of 15 million treasury shares in February 2011.

Group financial figures in € million



Quarterly development in € million

	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q1 2010
Sales	468.0	478.2	498.1	498.6	462.8
EBITDA	91.7	88.8	86.9	90.5	90.3
EBIT	71.5	68.4	60.9	70.3	70.7

Cash flow, investment and finance

Despite considerably higher cost of sales and marketing expenses – due to stronger customer growth and additional marketing of our new Access and Cloud products compared to the first quarter of 2010 – operative cash flow fell by just € 6.1 million to € 65.6 million (prior year: € 71.7 million).

Net cash flow for investing activities fell much more strongly from € 86.6 million in the previous year to € 39.2 million in the period under review. This was mainly due to changes in trade payables viewed as of the balance sheet date (€ -45.0 million compared to € +7.9 million in the previous year).

Net cash flow for investing activities amounted to € 0.6 million in the period under review. Cash outflows of € 6.8 million for investments in intangible assets and property, plant and equipment faced cash inflows of € 5.7 million from the sale of financial assets (sales of EFF Fund investments) and € 1.6 million from the disposal of assets. In the previous year, net cash flow for investing activities amounted to € -14.4 million, of which investments in intangible assets and property, plant and equipment accounted for € -14.0 million.

Net cash flow for financing activities in the first quarter of 2011 was dominated by a cash outflow of € 84.8 million for the purchase of treasury shares (prior year: € 54.6 million) and a cash inflow of € 20.2 million from the assumption of loans (prior year: cash outflow of € 1.2 million for the redemption of loans).

Assets and equity

Compared with December 31, 2010, the Group's balance sheet total fell from € 1,271.3 million to € 1,204.1 million as of March 31, 2011. Goodwill of the highly profitable Applications segment remained virtually unchanged at € 401.2 million (€ 402.9 million as at December 31, 2010). Due to the purchase of treasury shares, cash and cash equivalents fell from € 96.1 million to € 70.6 million, despite the reduction of other assets with an effect on liquidity. At the same time, net bank liabilities rose from € 273.3 million to € 319.0 million, mainly due to share buybacks. The number of treasury shares held by United Internet AG as of March 31, 2011 – and thus after the cancellation of 15,000,000 shares from the company's holdings – amounted to 12,452,643 (compared to 20,563,522 as of December 31, 2010). After deduction of these treasury shares, the Group's equity ratio amounted to 28.0% as of March 31, 2011 (compared to 30.1% as of December 31, 2010).

Share and dividend

The United Internet AG share closed on March 31, 2011 at € 12.70 and thus 4.4% up on December 31, 2010 (€ 12.17). Our share outperformed the blue-chip DAX index (1.8%) in the first three months of 2011 but lagged behind the comparative TecDAX index, which grew by 9.4%.

The Management Board and Supervisory Board propose a dividend of € 0.20 per share for fiscal year 2010 (prior year: € 0.20 for fiscal year 2009 plus a bonus dividend of a further € 0.20 for the lack of dividend paid for fiscal year 2008). The Annual Shareholders' Meeting planned for May 26, 2011 will vote on whether to accept this proposal of the Management Board and Supervisory Board.

Employees

At the end of March 2011, United Internet employed a total of 5,131 people (December 31, 2010: 5,018), of which 1,049 were employed outside Germany (December 31, 2010: 999).

Risk report

Over and above the statutory requirements, United Internet AG attaches great importance to its comprehensive risk management system. Our standardized monitoring system throughout the Group identifies, classifies and evaluates risks, while defining clear responsibilities. We not only regard efficient and forward-looking risk management as an important tool to anticipate dangerous developments, but as an important and value-adding responsibility.

In the first quarter of 2011, the overall risk situation remained mostly stable compared with the risk report provided in the annual financial statements 2010. The major operating risks for the company's current and future assets, liabilities, financial position and profit or loss continue to focus on the threat potential of the internet, market regulation, competition, the use of hardware and software systems, and acquisitions. By continually expanding our risk management system, we attempt to counter these risks proactively and to limit them to a minimum by implementing specific measures, wherever sensible. Depending on the further share price performance of our listed investments, there may be (non-cash) burdens in our non-operating business from write-downs/impairment.

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

Subsequent events

On April 11, 2011, the Management Board of United Internet AG resolved to launch a further share buyback program. In the course of this new share buyback program, up to 4,500,000 company shares (corresponding to 2% of capital stock) are to be bought back via the stock exchange. The resolution follows the authorization of the Annual Shareholders' Meeting of June 2, 2010 to buy back shares representing up to 10% of the company's capital stock. The authorization was issued for the period up to May 25, 2012. The repurchased shares can be used for all purposes stated in the authorization of the Annual Shareholders' Meeting of June 2, 2010, in particular for current and future employee stock ownership plans and/or as an acquisition currency, but may also be cancelled.

There were no other major events subsequent to the reporting period which had a significant impact on the business development of United Internet.

Forecast report – opportunities and outlook

Global economy still on course for growth

In its updated global economic outlook of April 2011, the International Monetary Fund (IMF) states that it expects the current healthy economic growth to continue – viewed globally – and forecasts an increase in global economic output of 4.4% in 2011 and 4.5% in 2012. The IMF expects the upturn in the emerging nations (6.5% in 2011 and 2012) to easily outpace growth in the classic industrialized nations (2.5% in 2011 and 2012). The Fund believes this is due to the „ongoing burdens" which crisis-hit Euro nations, such as Greece and Portugal, are still suffering, in addition to consistently high unemployment rates in the industrialized nations.

Despite the ongoing debt problems of the Euro zone, the IMF upgraded its growth forecasts slightly for the EU nations in its spring outlook by 0.1 percentage points to 1.6% and 1.8% for 2011 and 2012, respectively – although the Fund still expects significant regional differences.

In Germany, the IMF now forecasts growth of 2.5% for 2011 and 2.1% for 2012 – an increase of 0.3 percentage points for 2010 and 0.1 percentage points for 2011 compared to its January forecast. Although its forecast for 2011 is slightly below the expectations of Germany's leading economic research institutes, which predict GDP growth of up to 3.0% this year, the IMF forecast roughly matches that of the German government. The latter raised its growth forecast in April 2011 to 2.6% for the current year (from 2.3% in fall 2010). The German government expects a slowdown in growth to 1.8% in 2012.

Further growth also forecast for ICT sector

Following the turnaround of the global and German ICT market in 2010, the German ICT association BITKOM is optimistic about the sector's future prospects. Specifically, the association expects the global ICT market to grow by 4.5% in 2011 and by as much as 5.3% in 2012. BITKOM is not quite as upbeat about the overall ICT market in Germany, but still expects solid growth of 2.0% in both 2011 and 2012.

In the field of information technology, BITKOM expects growth of 4.4% to € 68.8 billion in 2011. The hardware segment, demand for software and IT services are all expected to benefit strongly from the ongoing economic upswing. BITKOM believes that software and IT services will also benefit from cloud services with annual growth of over 50%.

In the field of telecommunications, BITKOM expects only slight growth of 0.3% to € 64.3 billion. This barely visible increase conceals some significant changes in individual segments: revenue from fixed line phone calls has been falling steadily for years – due in part to the rising share of VoIP calls. Revenue from mobile voice services is also falling. According to BITKOM, this is mainly due to the restrictions of the regulation authorities. This loss of revenue in voice services is in stark contrast to the high growth rates of fixed line and especially mobile data transmission. The success of the mobile internet is clearly illustrated by the massive growth in data volumes (100% in 2010) transmitted via the mobile phone networks. A key factor for this growth is the boom in smartphones.

For the third major ICT market segment, digital entertainment electronics, BITKOM expects a modest decline of 1.6% to € 12.5 billion in 2011. Flat-screen TVs account for almost half of this market. Following brisk trade in the year of the FIFA World Cup, sales of flat-screen TVs are likely to remain stable at € 6.5 billion in 2011. In addition to this lack of momentum from TV sets, there is also a further negative effect: classic products from the two other segments, such as tablet PCs and smartphones, are capturing market share from consumer entertainment devices (such as MP3 players, mobile games consoles or navigation devices).

Outlook for United Internet’s most important sub-markets

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”.

“Access” segment

Growth in German broadband market primarily qualitative
In view of the comparatively high level of household coverage of over 67% already achieved, only moderate growth is expected for the German broadband market. Much stronger growth, however, is expected for applications used via such broadband connections. Around 11.2 million users in Germany are expected to make regular phone calls via the web in 2011. This corresponds to growth of 13.5% compared to 2010, according to sector association BITKOM and based on current data of the European Information Technology Observatory (EITO).

Dynamic growth in German mobile internet market
All experts continue to predict dynamic growth for the mobile internet market. Following market growth of 18.2% to € 6.5 billion in 2010, BITKOM also expects growth of 14.0% and 10.4% in 2011 and 2012, respectively. 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 the respective applications (or apps). BITKOM forecasts additional sales of 39% to 10 million sold smartphones in 2011 (following 7.2 million in 2010), as well as related sales growth of 35% to € 2.2 billion (compared to € 1.6 billion in 2010).

Growth of German mobile internet market

	2010	2011e	2012e
Growth	18.2%	14.0%	10.4%
Sales (in € billion)	6.5	7.4	8.2

Source: BITKOM

"Applications" segment

Further growth in online advertising market

Due to the modest increase in online advertising during the crisis year 2009, the strong online presence of advertisers in 2010 led to higher-than-average growth in this segment. In view of the very high level of gross advertising spending already achieved (over € 5.3 billion), the Online Marketing Group (Online-Vermarkterkreis – OVK) forecasts further growth for 2011, albeit at a slightly more moderate pace. With an assumed growth rate of 16%, gross ad spending in 2011 would break the 6-billion-euro mark for the first time and thus underline the growing relevance of online advertising.

Growth of German online advertising market in € billion

	2010	2011e	Growth
Classic online advertising	3.151	3.781	20.0%
Search word marketing	1.867	2.076	11.2%
Affiliate networks	0.339	0.373	10.0%
Total gross advertising spend	5.357	6.230	16.3%

Source: BVDW

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 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 55% to € 3.5 billion in 2011 and reach € 13 billion by 2015. This means that cloud technologies will account for around 10% of total IT expenditure in Germany (compared to 1.5% in 2010). Double-digit growth is expected during the entire period, and in 2012 will still be over 50%.

Growth of cloud computing in Germany

	2011e	2012e	2013e
Growth	55%	51%	40%
Sales (in € billion)	3.5	5.3	7.4
of which consumers	1.6	2.2	3.0
of which business	1.9	3.1	4.4

Source: BITKOM

Outlook and forecast

We shall continue to pursue our business strategy geared toward sustainable growth in the rest of fiscal year 2011 and invest heavily in new business fields. In addition to a further increase in our customer acquisition efforts, the main focus areas will be the development of new applications, entry into the new foreign markets for our Business Applications and – for Consumer Applications – the expansion of our newly acquired Mail.com service and the roll-out of De-Mail.

We aim to add 700,000 new fee-based customer contracts in total in 2011.

Despite the high start-up costs associated with these projects, EBITDA in 2011 is expected to reach the level of 2010 (€ 357.7 million). EBT is likely to be around € 250 million and EPS around € 0.80.

We also expect sales to exceed € 2 billion for the first time. Sales growth in 2011 is expected to reach around 5% in the Access segment and around 10% in the Applications segment.

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 not to be construed as guarantees of the future developments and results stated within. Such future developments and results are dependent on numerous factors. They involve various risks and uncertainties and are based upon assumptions as to future events that may not prove to be accurate. United Internet does not assume any obligation to adjust or update the forward-looking statements contained in this report.

Financial Statements

Balance Sheet

as of March 31, 2011 in €k

	March 31, 2011	December 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents	70,574	96,091
Accounts receivable and other assets	94,374	97,987
Inventories	14,597	16,912
Prepaid expenses	38,507	36,536
Other assets	18,862	28,297
	236,914	275,823
Non-current assets		
Shares in associated companies / joint ventures	80,896	84,079
Other financial assets	139,886	145,274
Property, plant and equipment	101,569	108,675
Intangible assets	210,243	221,415
Goodwill	401,190	402,868
Deferred tax asset	33,379	33,194
	967,163	995,505
Total assets	**1,204,077**	**1,271,328**

	March 31, 2011	December 31, 2010
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade accounts payable	168,433	213,509
Liabilities due to banks	178,224	178,167
Advance payments received	7,370	7,146
Accrued taxes	39,560	43,071
Deferred revenue	141,965	138,209
Other accrued liabilities	5,096	5,836
Other liabilities	61,384	59,603
	602,032	645,541
Non-current liabilities		
Liabilities due to banks	211,349	191,233
Deferred tax liabilities	28,619	28,483
Other liabilities	24,750	23,648
	264,718	243,364
Total liabilities	**866,750**	**888,905**
Equity		
Capital stock	225,000	240,000
Additional paid-in capital	18,862	41,649
Accumulated profit	232,126	326,663
Treasury stock	–148,934	–240,977
Revaluation reserves	23,867	25,442
Currency translation adjustment	–23,541	–20,038
Equity attributable to shareholders of the parent company	**327,380**	**372,739**
Non-controlling interests	9,947	9,684
Total equity	**337,327**	**382,423**
Total liabilities and equity	**1,204,077**	**1,271,328**

Income Statement

from January 1 to March 31, 2011 in €k

	2011 January – March	2010 January – March
Sales	498,605	462,790
Cost of sales	–327,081	–291,678
Gross profit	**171,524**	**171,112**
Selling expenses	–80,333	–70,006
General administrative expenses	–21,556	–22,409
Other operating income / expenses	4,294	–3,252
Amortization of intangible assets resulting from company acquisitions	–3,668	–4,777
Operating result	**70,261**	**70,668**
Financial result	–2,519	–6,138
Results from associated companies	–2,970	–7,457
Pre-tax result	**64,772**	**57,073**
Income taxes	–20,730	–18,573
Net income before minority interests (from continued operations)	**44,042**	**38,500**
Result from discontinued operations	0	35
Net income before minority interests (after discontinued operations)	**44,042**	**38,535**
Attributable to		
- non-controlling interests	245	244
- shareholders of United Internet AG	43,797	38,291

	2011 January – March	2010 January – March
Result per share of shareholders of United Internet AG (in €)		
- basic	0.20	0.17
- diluted	0.20	0.17
thereof result per share (in €) – from continued operations		
- basic	0.20	0.17
- diluted	0.20	0.17
thereof result per share (in €) – from discontinued operations		
- basic	0.00	0.00
- diluted	0.00	0.00
Weighted average shares (in million units)		
- basic	216.86	227.93
- diluted	219.01	230.02
Statement of comprehensive income		
Net income	44,042	38,535
Results directly included in equity		
- currency translation adjustment	–3,491	1,382
- Market value changes of available-for-sale financial instruments after taxes financial instruments after taxes	–1,542	5,364
- Changes in associated companies after taxes not affecting net income	–33	0
	–5,066	6,746
Total net income	**38,976**	**45,281**
Attributable to		
- non-controlling interests	257	244
- shareholders of United Internet AG	**38,719**	**45,037**

Cash Flow

from January 1 to March 31, 2011 in €k

	2011 January – March	2010 January – March
Cash flow from operating activities		
Net income (from continued operations)	44,042	38,500
Net income (from discontinued operations)	0	35
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	16,528	14,850
Amortization of intangible assets resulting from company acquisitions	3,668	4,777
Compensation expenses from employee stock option plans	721	1,845
Results of at-equity companies	2,970	7,457
Distributed profit of associated companies	181	245
Profit from disposal of other financial assets	–1,995	245
Change in deferred taxes	–46	949
Non-cash expenses / income	–496	3,047
Operative cash flow	**65,573**	**71,705**
Change in assets and liabilities		
Change in receivables and other assets	13,048	4,783
Change in inventories	2,315	468
Change in deferred expenses	–1,971	–2,956
Change in trade accounts payable	–44,990	7,920
Change in advance payments received	224	–33
Change in other accrued liabilities	–740	–4,605
Change in accrued taxes	–3,510	2,887
Change in other liabilities	3,370	849
Change in deferred income	5,881	5,587
Change in assets and liabilities, total	**–26,373**	**14,900**
Cash flow from operating activities	**39,200**	**86,605**

	2011 January – March	2010 January – March
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	–6,762	–13,990
Purchase of shares in affiliated companies less cash received	0	12
Purchase of shares in associated companies / joint ventures	0	–534
Payments from deconsolidation of financial assets	5,740	0
Investments in other financial assets	–11	–125
Payments from disposal of assets	1,584	267
Cash flow from investment activities	**551**	**–14,370**
Cash flow from financing activities		
Purchase of treasury stock	–84,793	–54,554
Change in bank liabilities	20,174	–1,230
Repayment from convertible bonds	0	–3
Cash flow from financing activities	**–64,619**	**–55,787**
Net increase/decrease in cash and cash equivalents	–24,868	16,448
Cash and cash equivalents at beginning of fiscal year	96,091	116,812
Currency translation adjustments of cash and cash equivalents	–649	437
Cash and cash equivalents at end of fiscal year	**70,574**	**133,697**

Changes in Shareholder's Equity

from January 1 to March 31, 2011 in €k

	Capital stock		Additional paid-in capital	Accumulated profit	Capital stock	
	Share	€k	€k	€k	Share	€k
Balance as of January 1, 2010	**240,000,000**	**240,000**	**39,971**	**285,546**	**10,272,371**	**-123,786**
Net income				38,291		
Other net income						
Total net income				**38,291**		
Issue of treasury shares			-60		-81,525	982
Purchase of treasury shares					4,809,154	-54,554
Employee stock ownership program Sedo			47			
Employee stock ownership program United Internet			863			
Other			-21			
Balance as of March 31, 2010	**240,000,000**	**240,000**	**40,800**	**323,837**	**15,000,000**	**-177,358**
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 program Sedo			23			
Employee stock ownership program United Internet			692			
Balance as of March 31, 2011	**225,000,000**	**225,000**	**18,862**	**232,126**	**12,452,643**	**-148,934**

	Revaluation reserves	Currency translation	Equity attributable to shareholders of the parent company	Minority interests	Total equity
	€k	€k	€k	€k	€k
	12,717	**–24,326**	**430,122**	**9,640**	**439,762**
			38,291	244	38,535
	5,364	1,382	6,746	0	6,746
	5,364	**1,382**	**45,037**	**244**	**45,281**
			922		922
			–54,554		–54,554
			47	13	60
			863		863
			–21		–21
	18,081	**–22,944**	**422,416**	**9,897**	**432,313**
	25,442	**–20,038**	**372,739**	**9,684**	**382,423**
			43,797	245	44,042
	–1,575	–3,503	–5,078	12	–5,066
	–1,575	**–3,503**	**38,719**	**257**	**38,976**
			0		0
			–84,793		–84,793
			23	6	29
			692		692
	23,867	**–23,541**	**327,380**	**9,947**	**337,327**

Notes

1. Information on the company

United Internet AG is a service company operating in the telecommunication and in-formation 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, 2010, the interim report of United Internet AG as of March 31, 2011 complies with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and adopted by the EU.

The condensed consolidated interim report for the period from January 1, 2011 to March 31, 2011 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, 2010. 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

There were no significant amendments to the accounting and valuation methods applied in the Group's reporting from the initial adoption of amended standards from the Annual Improvement Project 2010 (AIP 2010) nor from IAS 24 *Related Party Disclosures*, IAS 32 *Financial Instruments: Presentation* (February 10, 2010), IFRIC 14 IAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* and IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (July 1, 2010).

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.

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

The consolidated interim report includes all subsidiaries and associated companies.

The consolidated group remained unchanged from that stated in the consolidated financial statements of December 31, 2010.

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 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	66,408	64,772
Tax expense				–19,985	–20,730
Net income (from continued operations)					**44,042**
Result from discontinued companies				0	0
Net income (after discontinued operations)					**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

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 stated for information purposes is allocated to the country in which the company is domiciled.

Segment reporting of United Internet AG in the reporting period of 2011 was as is shown in the table on the previous page. The figures of 2010 are shown in the table below.

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

January – March 2010	"Access" Segment €k	"Applications" Segment €k	Head Office/ Investments €k	Reconciliation €k	United Internet Group €k
Total revenues	301,184	163,087	1,170	–	–
- thereof internal revenues	408	1,251	992	–	–
External revenues	300,776	161,836	178	–	462,790
- thereof domestic	300,776	117,350	178	–	418,304
- thereof non-domestic	0	44,486	0	–	44,486
EBITDA	31,708	60,479	–1,892	0	90,295
EBIT	25,243	47,355	–1,930	0	70,668
Financial result			–5,352	–786	–6,138
Result from at-equity companies			–5,000	–2,457	–7,457
EBT			–12,282	69,355	57,073
Tax expense				–18,573	–18,573
Net income (from continued operations)					**38,500**
Result from discontinued companies				35	35
Net income (after discontinued operations)					**38,535**
Investments in intangible assets, property, plant and equipment	5,420	8,547	23	–	13,990
Amortization/depreciation	6,465	13,124	38	–	19,627
- thereof intangible assets, property, plant and equipment	6,465	8,347	38	–	14,850
- thereof intangible assets capitalized during company acquisitions	0	4,777	0	–	4,777
Number of employees	1,659	2,941	26	–	4,626
- thereof domestic	1,592	2,112	26	–	3,730
- thereof non-domestic	67	829	0	–	896

4. Personnel expenses

Personnel expenses amounted to € 53,473k (prior year: € 48,010k) in the reporting period of 2011. At the end of March 2011, United Internet employed a total of 5,131 people, of which 1,050 were employed outside Germany. The number of employees at the end of March 2010 amounted to 4,626, of which 896 were employed outside Germany.

5. Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 16,528k (prior year: € 14,850k).

Amortization of capitalized intangible assets resulting from business combinations amounted to € 3,668k (prior year: € 4,777k).

Total depreciation and amortization thus amounted to € 20,196k in the reporting period of 2011 (prior year: € 19,627k).

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. Shares in associated companies

The following table gives an overview of the development of shares in associated companies:

	2011 €k
Carrying amount at the beginning of the fiscal year	84,079
Additions	0
Adjustments	
- Dividends	–181
- Shares in result	–2,970
- Others	–32
Disposals	0
	80,896

The shares in results refer to the corresponding profit contributions of associated companies.

7. Other financial assets

The development of these shares was as follows:

	Jan. 1, 2011 €k	Additions €k	Amortization of revaluation reserve not recognized in income Recycling €k	Amortization of revaluation reserve not recognized in income Addition €k	Disposal €k	March 31, 2011 €k
Goldbach shares	28,120			–719		27,401
Hi-media shares	16,762			95		16,857
Afilias shares	6,755					6,755
freenet shares	50,367			1,083		51,450
Portfolio companies of EFF Nr. 3	26,630		–1,995		–3,745	20,890
Hi-media (Vendor Loan)	9,163					9,163
Others	7,477	11			–118	7,370
	145,274	**11**	**–1,995**	**459**	**–3,863**	**139,886**

The decline results from the sale of shares held by EFF No. 3. 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.

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

A total of € 6,762k (prior year: € 13,990k) 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 € 401,190k consists solely of assets belonging to the "Applications" segment.

9. Liabilities due to banks

Liabilities due to banks result mainly from a syndicated loan with a total credit line of € 500.0 million. The syndicated loan agreement was signed on September 14, 2007. The entire credit line is divided into a Tranche A amounting to € 300.0 million and a Tranche B of € 200.0 million.

Tranche A has a term of five years and is to be redeemed from March 14, 2010 in six equal half-yearly installments. As of December 30, 2009 the first partial amount of Tranche A amounting to € 50.0 million was repaid prematurely. The second and third contractual repayments of € 50.0 million each were made in the third quarter of 2010 and the first quarter of 2011. As of March 31, 2011, € 150.0 million has thus been used from Tranche A, of which € 100.0 million is disclosed under current liabilities due to banks. Tranche B is a revolving syndicated loan expiring on September 13, 2012, € 90 million of which had been used as of March 31, 2011.

A promissory note loan ("Schuldscheindarlehen") of € 150.0 million was negotiated on July 23, 2008. The loan is 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 is disclosed under current liabilities due to banks.

10. Other current liabilities

Other current liabilities consist mainly of liabilities due to the tax office, as well as salary and social security liabilities.

11. Other non-current liabilities

Non-current liabilities result mainly from minority interests of the partnerships Euro-pean Founders No. 2 and European Founders No. 3, from an interest hedging trans-action, and from the option agreement (put option) from the purchase of remaining shares in united-domains AG.

12. Capital stock / Treasury shares

As of March 31, 2011, fully paid capital stock amounted to € 225,000,000 divided into 225,000,000 registered shares each having a theoretical share in the capital stock of € 1.

Based on the authorization granted by the Annual Shareholders' Meeting of United Internet AG on June 2, 2010 regarding the acquisition and use of treasury shares, and with the approval of the Supervisory Board, the Executive Board resolved on February 22, 2011 to cancel a total of 15,000,000 shares from the company's stock of treasury shares, purchased in the course of share buyback programs, and thus reduce the company's capital stock by € 15,000,000.00, from € 240,000,000.00 to € 225,000,000.00. In execution of this resolution, 15,000,000 registered no-par value shares with a notional share of capital stock of € 1 each were cancelled.

The cancellation was charged to capital reserves and accumulated consolidated profit.

As of March 31, 2011, the Company held a total of 12,452,643 treasury shares or 5.53% of current capital stock. Treasury shares reduce equity capital and are not en-titled to dividend payments.

13. 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 valua-tion to fair value are recognized directly in equity capital at net value, i.e. less de-ferred taxes. Please see Note 7 for details.

Other items

14. Employee stock ownership plans

The current employee stock ownership plan of the United Internet AG Group employs virtual stock options (so-called Stock Appreciation Rights – SARs). The changes in the virtual stock options granted and outstanding are shown in the following table:

	United Internet AG		Sedo Holding AG	
	SAR	Average exercise price (€)	SAR	Average exercise price (€)
Outstanding as of December 31, 2010	8,420,000	8.93	490,000	11.48
Issued	80,000	12.12	–	–
Issued	500,000	12.03	–	–
Expired	-150,000	5.52	-30,000	18.15
Outstanding as of March 31, 2011	8,850,000	9.19	460,000	11.05

15. 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, 2010.

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

	March 31, 2011	
	Shares (units)	Subscription rights (units)
Management Board		
Ralph Dommermuth	92,000,000	–
Norbert Lang	402,248	1,600,000
Total	**92,402,248**	**1,600,000**
Supervisory Board		
Kurt Dobitsch (Chair)	–	–
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 € 605k in the reporting period of 2011 (prior year: € 502k).

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

No significant transactions took place.

16. 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 12, 2011

The Management Board

Ralph Dommermuth

Norbert Lang

Income Statement

Quarterly development in € million

	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q1 2010
Sales	468.0	478.2	498.1	498.6	462.8
Cost of sales	–292.9	–296.7	–344.8	–327.1	–291.7
Gross profit	**175.1**	**181.5**	**153.3**	**171.5**	**171.1**
Selling expenses	–71.7	–85.3	–79.2	–80.3	–70.0
General administrative expenses	–22.6	–22.9	–26.8	–21.5	–22.4
Other operating income / expense	–4.3	0.0	18.7	4.3	–3.2
Amortization of intangible assets resulting from company acquisitions	–5.0	–4.9	–4.9	–3.7	–4.8
Amortization of goodwill	0.0	0.0	–0.2	0.0	0.0
Operating result	**71.5**	**68.4**	**60.9**	**70.3**	**70.7**
Financial result	–2.9	–0.2	–0.9	–2.5	–6.1
Results from associated companies	0.0	0.0	–13.8	0.0	0.0
Result from at-equity companies	–8.4	–3.9	–12.0	–3.0	–7.5
Pre-tax result	**60.2**	**64.3**	**34.2**	**64.8**	**57.1**
Income taxes	–21.9	–23.5	–24.1	–20.8	–18.6
Net income (from continued operations)	**38.3**	**40.8**	**10.1**	**44.0**	**38.5**
Result from discontinued operations	0.8	0.2	0.8	0.0	0.0
Net income (after discontinued operations)	**39.1**	**41.0**	**10.9**	**44.0**	**38.5**
Attributable to					
minority interests	0.3	0.1	–0.2	0.2	0.2
shareholders of United Internet AG	38.8	40.9	11.1	43.8	38.3
Result per share of shareholders of United Internet AG (in €)					
- basic	0.17	0.19	0.05	0.20	0.17
- diluted	0.17	0.18	0.05	0.20	0.17
thereof result per share (in €) – from continued operations					
- basic	0.17	0.19	0.04	0.20	0.17
- diluted	0.17	0.18	0.04	0.20	0.17
thereof result per share (in €) – from discontinued operations					
- basic	0.00	0.00	0.01	0.00	0.00
- diluted	0.00	0.00	0.01	0.00	0.00

Financial Calendar

March 24, 2011	Annual financial statements for fiscal year 2010
March 24, 2011	Press and analyst's conference
May 12, 2011	3-Month Report 2011
May 26, 2011	Annual Shareholders' Meeting, Alte Oper Frankfurt/Main
August 16, 2011	6-Month Report 2011
August 16, 2011	Press and analyst's conference
November 10, 2011	9-Month Report 2011

Imprint

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May 2011
Registry court: Montabaur HRB 5762

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