9 Month Report 2008

united internet

Dear shareholders, employees and friends of United Internet!

United Internet AG can look back on a successful first nine months of 2008 with regard to its operations, although sales and earnings in the third quarter were marked by a strong fall in demand from our advertising customers and high pressure on margins, especially in the field of display advertising. In total, consolidated sales of United Internet AG grew by 13.9% in the first nine months of 2008, from € 1,073.1 million (comparable prior-year figure) to € 1,221.8 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 14.1%, from € 218.7 million (comparable prior-year figure) to € 249.5 million. Due to the strategic investments in MSP Holding (freenet), Versatel and Drillisch, consolidated net income and earnings per share (EPS) were burdened by higher interest payments of around € 16 million and a net negative contribution to earnings from associated companies of € 8.3 million. In spite of these negative effects, ordinary earnings of the United Internet Group grew by 22.1%, from € 108.2 million (comparable prior-year figure) to € 132.1 million. Earnings per share from ordinary activities rose by 26.7%, from € 0.45 (comparable prior-year figure) to € 0.57.

The share prices of United Internet AG's stock market-listed strategic investments — freenet (via MSP Holding) and Drillisch — have fallen strongly over the past few months. On the basis of stock market prices as of September 30, 2008, the Management Board and Supervisory Board have decided to write down the book values of these companies by a total of € 145.6 million. These non-recurring and non-cash effects resulted in net income of € -13.5 million and an EPS of € -0.06.

In our Product segment, there was year-on-year growth of 16.0% to € 1,061.7 million, while pre-tax earnings rose by 21.8% to € 198.8 million. The segment thus proved generally crisis-proof, thanks to our stable and largely non-cyclical subscription business, although the downturn in the online advertising market in the third quarter led to lower-than-expected growth in the marketing revenues of our portals. The number of paying customer contracts increased by 680,000 to 7.83 million in the first nine months of 2008. In Information Management we added 140,000 new contracts during the period under review to reach 1.35 million. In Webhosting we made particularly strong progress in our foreign markets with growth in contracts of 330,000 since December 31, 2007 to 1.88 million. Including Germany, we held a total of some 3.57 million webhosting contracts as of September 30, 2008 — an increase of 360,000 compared with December 31, 2007. The number of DSL customers increased by 190,000 to reach 2.78 million active DSL connections. A further approx. 90,000 DSL orders were being processed at the end of the nine-month period. In addition to the acquisition of new customers, the main focus of our DSL business is to raise customer loyalty and expand business with our current client base. In the third quarter of 2008, we therefore once again incurred high costs — with the ensuing effect on earnings — in our efforts to convert DSL customers to our all-inclusive packages. As a result, we succeeded in raising the number of all-inclusive packages by 450,000 to 560,000 in the first nine months of 2008.

In our Online Marketing segment, the budget cuts of advertisers and the resulting pressure on margins had a significant impact on sales and earnings. Also with regard to the problematic development of our Domain Marketing business in the first half of 2008, the key financial figures fell well short of expectations in this segment. Whereas segment sales grew by 1.6% over the same period last year to € 159.5 million, pre-tax earnings fell strongly from € 14.9 million (comparable prior-year figure) to € 8.6 million.

For the remaining months of fiscal 2008, we remain optimistic for our subscription business but expect that the cyclical fall in demand for display advertising of the reporting quarter will continue to accompany us in the fourth quarter. Operative growth will therefore be much lower in 2008 than expected.

Montabaur, November 14, 2008

Ralph Dommermuth
CEO

Contents

Selected key figures acc. to IFRS

(from continued operations)

		Jan.–Sept. 2008	Jan.–Sept. 2007
Sales	€ million	1,221.8	1,073.1
Earnings before interest, taxes depreciation and amortization (EBITDA)	€ million	249.5	235.5*
Earnings before taxes (EBT)	€ million	42.5**	182.0*
Net income	€ million	–13.5**	115.3*
Employees	number	4,434	3,734
Share price as of end of September (Xetra)	€	7.58	15.79
Earnings per share (EPS)	€	–0.06**	0.48*

Quarterly development	Q4/2007 € million	Q1/2008 € million	Q2/2008 € million	Q3/2008 € million	Q3/2007 € million
Sales	414.3	402.0	412.4	407.4	375.1
EBITDA	73.3	83.2	88.6	77.7	76.6
EBT	52.5	64.8	65.5	–87.8**	60.1
Net income	40.1	45.1	45.2	–103.8**	37.6

* Earnings figures for 2007 include a non-recurring positive effect from Q2 of € 16.8 million in EBITDA, € 7.4 million in EBT, € 7.1 million in net income and € 0.03 in EPS.

** Earnings figures for 2008 include negative, non-recurring and non-cash effects from Q3 of € 145.6 million in EBT and net income, as well as € 0.63 in EPS.

Management report for the first nine months of 2008

Economic environment

Financial market crisis placing increasing burden on global economy

Following better-than-expected demand in early 2008, the financial market crisis is now placing an increasing burden on global economic growth. A strong downturn is expected above all in 2009, primarily among the rich industrial nations of North America and Europe. It its November report, the International Monetary Fund (IMF) once again made a downward correction to its growth forecasts and now expects falling economic output of -0.7% for the USA in 2009 (following expected +1.4% in 2008) and -0.5% for the Euro zone in 2009 (following expected +1.2% in 2008). Following growth of 1.7% this year, the IMF also forecasts a decline of 0.8% for Germany in 2009. The experts also expect falling economic output in the UK, Spain and France in 2009.

As a result of the growing burden on companies and society as a whole, the German Federal Statistics Office estimates a decline of 0.5% during the third quarter. In the second quarter, gross domestic product (GDP) was already 0.4% below the previous quarter, following clear growth of 1.4% in the first quarter.

The negative effects of the financial crisis are also clearly illustrated by the Ifo business confidence index. The index fell in October 2008 — for the fifth month in a row — to 90.2 points, compared with 92.9 points in the previous month and 104.1 points in October 2007. The index thus reached its lowest point since May 2003. The Munich-based research institute (ifo Institut für Wirtschaftsforschung) questioned over 7,000 companies in Germany.

ITC markets largely unaffected as yet

The German ITC market has so far hardly been affected by the consequences of the financial crisis. However there is uncertainty as to the prospects for 2009, in view of the falling economic forecasts. This was the finding of a recent survey conducted among 300 IT companies in mid October by the German ITC sector association BITKOM. According to the survey, 86% of all companies questioned have not yet felt any effects of the crisis on their own business. Only 13% stated that they were selling less, or had received fewer orders, than expected.

The most important ITC markets for United Internet — DSL and webhosting — continued to make good progress in the first nine months of 2008. According to calculations of Germany's Federal Network Agency, the German DSL market grew by around 30% to 18.7 million connections in 2007. The latest survey of "Germany Online" also expects this trend toward more broadband connections to continue in the medium term. The number of broadband connections is expected to exceed 29 million in 2015. Recently published figures of the major DSL providers confirm this growth forecast — although the pace of growth has slowed somewhat. The international hosting market also continues to enjoy growth. According to calculations of RegistrarSTATS.com, the number of registered generic top-level domains around the world (such as .com, .net, .org ...) grew by 7.5 million in the first nine months of 2008 to reach a total of 105.9 million domains — an increase of 8.6% over December 31, 2007. The German top-level domain ".de" is also enjoying strong demand in 2008 — despite a comparatively high online presence already achieved among consumers and businesses — and grew by over 620,000 (+5.1%) to 12.29 million domains as of the end of September.

In contrast to the more non-cyclical DSL and Webhosting sectors, the rate of growth in the German online advertising fell strongly during the period under review. Although calculations of Nielsen Media Research show that gross advertising revenues on the internet generated with graphic advertising grew by 37.2% in the first nine months, compared with the same period last year, to reach € 1 billion. However, there is a marked slowdown in growth: whereas almost 44% were achieved in the first quarter, it was just 39% in the second and only 30% in the third quarter. However, Nielsen only measures gross spending, i.e. the official list prices. The growing discounts offered as a result of fierce competition are not considered in these figures. At the sector trade fair OMD (Online-Marketing-Düsseldorf), the German Digital Economy Association (Bundesverband Digitale Wirtschaft) — which uses net figures — forecast net growth of just 10 to 15% this year for graphic advertising. In spring, advertisers had predicted net growth of 20 to 25%. The Interactive Advertising Bureau (IAB) and PricewaterhouseCoopers (PwC) have also determined a slowdown in growth in the US advertising market. Whereas online advertising revenues in the first quarter of 2008 were still growing at 18.2%, this rate fell to 12.8% in the second quarter. Figures for the third quarter were not yet available at the time of writing.

Business development

With over 7.8 million customer contracts, United Internet AG is a leading international Internet Service Provider. United Internet currently operates in two business fields and with eight brands:

In the “Product” segment, our value-added internet services and fast DSL connections are directed at private users, small offices / home offices and small to mid-size enterprises. These groups are served directly by the brands GMX, WEB.DE and 1&1. In addition, we also market our webhosting products as white-label solutions to other ISPs — indirectly — via resellers. We market the reach of our portals to e-commerce suppliers and advertisers via United Internet Media.

In our “Online Marketing” segment, we are mainly represented by the brands AdLINK Media, affilinet and Sedo. In this segment we offer various marketing and sales solutions to advertisers: Display Marketing via AdLINK Media, Affiliate Marketing via affilinet and Domain Marketing via Sedo.

Qualitative growth in DSL

In comparison with December 31, 2007 we succeeded in activating 190,000 new DSL customer contracts, bringing the total to approximately 2.78 million DSL customers as of September 30, 2008. Approx. 90,000 further DSL orders were being processed as of this date. In addition to the acquisition of new customers, the main focus of our DSL business during the period under review was placed on raising customer loyalty and expanding business with our current client base. Compared with December 31, 2007, we were able to raise the number of our all-inclusive packages by 450,000 to 560,000.

Segments and brands

	Brands	Products/Services	Customers
Products	GMX	Mail, messaging, communication	Consumers
	WEB.DE	The German portal	
	1&1	Portal, Information Management, Webhosting, Internet Access	Discerning private users, Small/Home Offices / SMEs
	InterNetX	Webhosting products as white label	Internet Service Provider in Germany
	fasthosts	Webhosting products as white label	Internet Service Provider in UK
Online marketing	AdLINK GROUP AdLINK MEDIA	Display marketing	Advertisers
	AdLINK GROUP affilinet	Affiliate marketing	
	AdLINK GROUP sedo	Domain marketing	

Successful international expansion

In the Product segment, we operate our “Webhosting” business in Germany, the UK, France, the USA, Austria and Spain. We also serve customers in numerous other countries via our international order page. In our non-German markets, we added 300,000 new customer contracts in the first nine months of 2008 — due in part to our acquisition of approx. 130,000 customer relationships of our UK reseller Dollamore by our subsidiary Fasthosts — and held 1.88 million contracts as of September 30, 2008.

After being represented by 1&1 on the US end-user market since 2004, our reseller brand Fasthosts also started activities there in the third quarter of 2008. To mark the brand’s US launch, Fasthosts is offering resellers a free high-quality reseller-hosting package with unlimited storage space and data volume for one year. As in the UK, resellers in the USA can now also use Fastshosts’ white-label products to offer their customers completely independent webhosting packages or pre-confectioned all-in-one packages under their own name. All offers are hosted at our data farm in Lenexa, Kansas.

The international expansion of the Online Marketing segment is a key element of our overall concept. In addition to the USA, our brands are represented in 13 European countries.

Despite the current strength of the Euro — especially against the US dollar and UK pound — non-German sales grew by 2.1% in the period under review and contributed € 158.0 million (prior year: € 154.7 million) to total consolidated revenues. Adjusted for currency changes, foreign sales amounted to around € 177.3 million — corresponding to growth of 14.6%.

Strategic investments in Versatel and freenet

United Internet acquired further shares in Versatel AG during the first half of the year and held a total of 25.21% of shares in Versatel AG as of September 30, 2008. In January 2008, United Internet and Drillisch also increased their shareholding in freenet AG to 24.52% via the jointly held company MSP Holding. In the course of the capital increase of freenet AG, in connection with its acquisition of Debitel, the shares held by MSP Holding GmbH in freenet AG were diluted from 24.52% to 18.39% as of July 5, 2008.

maxdome

ProSiebenSat.1 Media AG and United Internet have placed their successful cooperation in the field of video-on-demand on a new basis. To this end, a jointly controlled company Maxdome GmbH & Co. KG was founded in which ProSiebenSat.1 and United Internet each hold 50% of the limited partner shares. The respective contracts were signed on February 22, 2008. The transaction was approved by the anti-trust authorities of the European Commission on April 29, 2008.

New investments

On February 8, 2008, United Internet acquired a 48.65% stake in the media holding company virtual minds AG and thus also in ADITION technologies AG.

In a contract dated March 5, 2008 United Internet acquired an 80% stake in European Founders Fund GmbH & Co. Beteiligungs KG No. 3.

On March 7, 2008, United Internet acquired 33.36% of shares in BW2 Group AG. BW2 offers professional CRM and ERP business solutions.

On July 1, 2008 United Internet acquired a 30% stake in Jimdo GmbH. With its „Jimdo“ website tools, the company offers a service for the easy creation of private or commercial home pages.

Employees

United Internet employed a total of 4,434 people at the end of September 2008 (December 31, 2007: 3,954), of which 964 (December 31, 2007: 827) were employed outside Germany.

Share, share buyback and dividend

Due to the ongoing turbulence on the world’s stock markets, the United Internet share has fallen by 55.5% from € 16.65 as of December 31, 2007 to € 7.58 as of September 30, 2008.

The Management Board of United Internet AG resolved on January 22, 2008 to introduce a further share buyback program which enables it to buy back up to 5,000,000 further shares in the Company (representing approx. 2.00% of capital stock) via the stock exchange. The resolution was in line with an authorization granted by the Annual Shareholders' Meetings of May 30, 2007 and ended on May 27, 2008. Including the 2 million shares bought back during this program, United Internet AG held a total of 22 million treasury shares as of September 30, 2008. On May 27, 2008, the company's Annual Shareholders' Meeting once again authorized the buyback of shares equivalent to no more than 10.00% of capital stock. This authorization is limited to November 26, 2009.

The Annual Shareholders' Meeting of United Internet AG on May 27, 2008 adopted the proposal of the Management Board and Supervisory Board and approved a dividend of 20 cents per share (prior year: 18 cents) for fiscal year 2007. The total dividend payment of € 45.9 million was made on May 28, 2008.

Segment development

Product segment

In the first nine months of 2008, the United Internet Group's dominant business remained its Product segment with the main brands GMX, WEB.DE, 1&1, InterNetX and Fasthosts, which together account for 86.9% of total sales. Although our Product business is largely based on rather non-cyclical subscriptions, the sudden fall in demand for online advertising also left its mark on this segment as marketing revenue from our portals grew more slowly than expected in the third quarter. The conversion of DSL customers to our all-inclusive packages — of particular importance for customer retention — also places a further initial burden on earnings. Despite these burdens, however, sales in this segment grew by 16.0% to € 1,061.7 million (prior year: € 915.5 million; adjusted for currency fluctuations: +17.3% to € 1,074.1 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) improved by 15.4% to € 235.8 million (prior year: € 204.4 million). Earnings before taxes (EBT) amounted to € 198.8 million (prior year: € 163.2 million), representing growth of 21.8%. As a result, the EBT margin reached 18.7%. Customer acquisition costs continue to be charged directly as expenses.

Our very healthy key financials are closely linked with the dynamic growth of our customer base. As of September 30, 2008 we had over 7.83 million fee-based customer contracts (December 31, 2007: 7.15 million).

These are divided among three product lines:

- **Information Management** with professional e-mail solutions, messaging, address management, Pocket Web and 0700 numbers
- **Webhosting** with domains, home pages, dedicated and virtual servers, and e-shops
- **Internet-Access** with DSL connections (including internet telephony and video-on-demand), as well as mobile and narrowband access

Our brands not only generate revenues from subscription contracts, an increasing proportion of income also results from our online advertising and e-commerce activities. United Internet Media, the marketing company for our GMX, WEB.DE and 1&1 portals and our shopping portal SmartShopping.de, provides advertisers and agencies in Germany with a reach of around 50% of all German internet users, as well as high-quality, targeted marketing and innovative advertising instruments.

Our family of brands provides unique market coverage in Germany:

GMX
GMX targets private users with its Information Management products. 8 million unique users per month make GMX one of the leading providers of mail, messaging and communication solutions. In addition to its free products, GMX also offers fee-based value-added services.

Development of customer contracts in the first nine months of 2008*

Customer contracts (in million)	31.12.2007	30.09.2008	Difference
Information Management	1.21	1.35	+ 0.14
Webhosting	3.21	3.57	+ 0.36
- thereof abroad	1.55	1.88	+ 0.33
Internet Access	2.73	2.91	+ 0.18
- thereof DSL	2.59	2.78	+ 0.19
- Resale / T-DSL	2.48	2.22	– 0.26
- DSL complete	0.11	0.56	+ 0.45
Total	**7.15**	**7.83**	**+ 0.68**

* DSL as of Sep. 30, 2008 without prorated backlog of approx. 90,000 orders

Development of customer contracts in the third quarter of 2008*

Customer contracts (in million)	30.06.2008	30.09.2008	Difference
Information Management	1.30	1.35	+ 0.05
Webhosting	3.51	3.57	+ 0.06
- thereof abroad	1.82	1.88	+ 0.06
Internet Access	2.89	2.91	+ 0.02
- thereof DSL	2.76	2.78	+ 0.02
- Resale / T-DSL	2.39	2.22	– 0.17
- DSL complete	0.37	0.56	+ 0.19
Total	**7.70**	**7.83**	**+ 0.13**

* DSL as of Sep. 30, 2008 without prorated backlog of approx. 90,000 orders

In the period under review GMX focused on the launch of its products in the USA and UK. All GMX users were also given the possibility to access their GMX mailboxes from any internet-enabled mobile phone and a live shopping offer for a limited number of products was launched. An all-inclusive DSL connection with flat rate provided by 1&1 was also launched under the name GMX FreeDSL.

WEB.DE

With 12.4 million unique visitors, WEB.DE is one of Germany's most frequently visited websites and is "the" German internet portal for many users. WEB.DE also offers free basic services and fee-based products, including the WEB.DE Club.

In the period under review, WEB.DE expanded its portal with the addition of a platform for the legal download of around 800 fee-based and 10,000 free computer programs. A new child protection function was also integrated into the e-mail service and a new variant of the highly acclaimed "WebBaukasten" (web design package) was presented. Further new products included a home banking solution (cooperation with StarMoney) and WEB.DE FreeDSL (provided by 1&1).

Quarterly development in € million

	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q3 2007
Sales	346.4	346.0	356.6	359.1	321.1
EBITDA	75.0	77.2	85.1	73.5	72.5
EBT	56.7	64.9	73.0	60.9	57.9

1&1

1&1 is the right address for discerning private users, the self-employed and SMEs requiring Information Management, Webhosting and Internet Access. 1&1 is No. 3 in Germany's DSL sector and the world's leading hosting company, currently active in 6 countries.

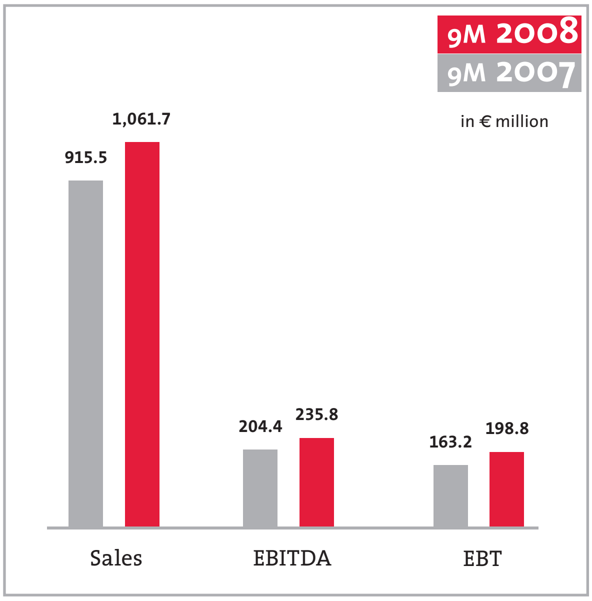
Key topics for 1&1 in the year so far have been the expansion of 1&1's data network, with which 1&1's high-performance data centers are connected, the roll-out of fee-based hosting products in Spain and the launch of the 1&1 MediaCenter, a high-performance multimedia solution for home entertainment. 1&1 also continued its mobile internet campaign and bolstered its portfolio with further innovative end-user devices and services.

InterNetX

United Internet's reselling activities in Germany are all conducted through InterNetX. The company markets hosting products to ISPs and multimedia agencies (resellers), who in turn market them under their own name and for their own account.

In the period under review, InterNetX further expanded its reseller network. InterNetX serves 18,500 resellers for which it hosts over 2.3 million domains and over 1,000 servers.

Financial figures for Product segment



Fasthosts

Fasthosts is our reseller brand in the UK and the USA. Fasthosts markets hosting products to over 5,600 ISPs and multimedia agencies (resellers), who sell these to end users under their own name. Fasthosts is also active in the direct marketing of products to consumers and companies.

In the first nine months of 2008, Fasthosts focused on expanding its customer base and completed its entry into the US market during the third quarter. Fasthosts also acquired approx. 130,000 customer relationships from its former reseller Dollamore.

Outlook

We are confident that our long-term international expansion strategy will continue to make good progress and that we can maintain our dynamic growth. With the bitstream access contract with Deutsche Telekom which has now been signed and the start of our cooperation with Arcor in August 2008, we are now able to provide DSL to around 90% of all German households. In addition, with the aid of now four preservice suppliers we can upgrade more existing customers simultaneously to our all-inclusive packages, enabling us to maximize customer retention. We are also optimistic for the development of our Webhosting and Information Management product lines. Similar to our access products, this stable subscription business is largely resistant to cyclical effects and will continue to grow steadily. And in view of the high reach of our portals, our innovative advertising technology and the expected market growth, there are also good possibilities for our portal marketer United Internet Media to enjoy a successful year-end business with growth over the prior-year figures — despite the current cyclical slowdown in the advertising sector.

Online Marketing

Our Online Marketing segment offers advertisers a variety of marketing and sales solutions: Display Marketing via AdLINK Media, Affiliate Marketing via affilinet and Domain Marketing via Sedo. In contrast to the marketing of our own portals in the Product segment, this segment focuses on the marketing of third-party domains and websites — in 13 European nations and the USA.

In addition to the problematic development of the Domain Marketing segment since the second quarter of 2008, the strong fall in demand for display advertising especially in the third quarter had a significant negative impact on key sales and earnings figures in the Online Marketing segment. The reluctance of our customers to invest led to falling sales volumes as well as fierce competition for the remaining budgets, which in turn increased the pressure on prices and margins. In contrast to the sales and earnings figures in our Domain and Display business, which fell well short of expectations, our Affiliate Marketing business performed as expected.

Due to the aforementioned effects, sales in the Online Marketing segment improved by just 1.6% from € 157.0 million to € 159.5 million (adjusted for currency fluctuations: +6.0% to € 166.4 million). EBITDA fell by 38.1%, from € 18.1 million (comparable prior-year figure) to € 11.2 million, and EBT by 42.3% from € 14.9 million (comparable prior-year figure) to € 8.6 million. In total, the segment accounted for 13.1% of the United Internet Group's total sales.

AdLINK Media

AdLINK Media is one of Europe's largest independent marketers of online advertising. The company's business model is based on an online advertising network of high-reach websites, which it markets to advertisers.

In the period under review, the company focused mainly on the expansion of its advertising network. As a result, the number of monthly ad impressions generated by the network grew from 8.5 billion (December 31, 2007) to an average of 10.0 billion in the period under review.

affilinet

affilinet brings together suppliers of affiliate programs and website operators. It profits from the contacts and sales initiated via the network on a purely performance-oriented basis.

In the period under review, affilinet focused on gaining new program suppliers and expanding its network: the number of affiliate programs was raised to around 1,500 in the period under review. At the same time, the network was increased to 460,000 active websites.

Sedo

Sedo operates the global domain trading platform "sedo.com", which currently trades 14.5 million domains. In its "domain parking" business, Sedo markets some of these domains to advertisers on behalf of the domain owners.

In the period under review, Sedo focused in particular on expanding its international subsidiaries in the USA and the UK. The number of marketable domains grew to 6.1 million.

Outlook

In view of the sudden fall in the growth of online advertising due to the current economic conditions, we expect a visibly lower contribution to earnings from our Online Marketing segment also in the remaining months, as compared with the previous year.

Quarterly development in € million

	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q3 2007
Sales	67.8	55.8	55.6	48.1	53.8
EBITDA	8.4	5.3	4.7	1.2	5.4
EBT	7.3	4.3	4.2	0.1	4.2

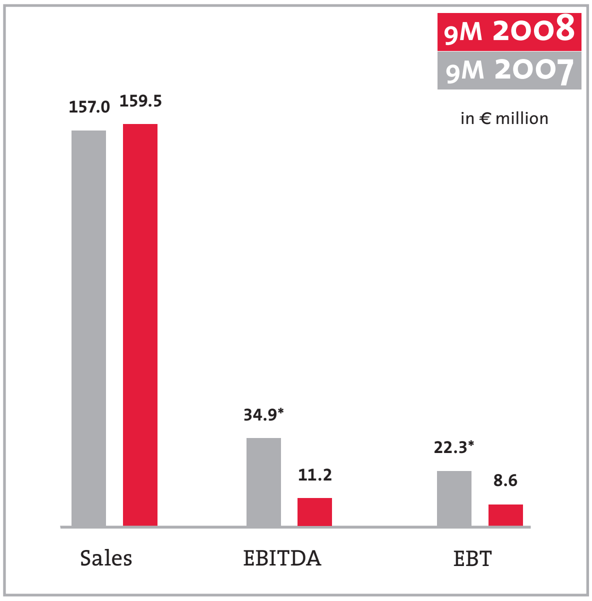
* Earnings figures for 2007 include a non-recurring positive effect from Q2 of € 16.8 million in EBITDA and € 7.4 million in EBT.

Assets, liabilities, financial position and profit or loss

Sales up 13.9% (currency adjusted: +15.7%) and comparable EBITDA by 14.1%

United Internet AG can look back on a successful first nine months to 2008 with regard to its operations, although sales and earnings in the third quarter were marked by a strong fall in demand from our advertising customers and high pressure on margins, especially in the field of display advertising. Consolidated sales of the United Internet Group grew by 13.9%, from € 1,073.1 million in the prior-year period to € 1,221.8 million in the period under review (adjusted for currency fluctuations: +15.7% to € 1,241.1 million). In the Product segment, growth was disproportionately stronger at 16.0% (from € 915.5 million last year to € 1,061.7 million). In this segment, sales benefited from the visible growth of broadband contracts with stronger customer retention, as well as from successful customer acquisition in our national and international target markets in webhosting, dynamic growth in our Information Management products, and from growing advertising and e-commerce revenues in our portal business. In our broadband segment, we added 450,000 new all-inclusive DSL contracts during the period under review. We will continue to upgrade our existing customers to all-inclusive DSL packages — without

Financial figures for Online Marketing segment



Deutsche Telekom AG phone lines — in order to maximize customer retention. The high costs incurred in our efforts to convert DSL customers to our all-inclusive packages — placing an initial burden on earnings — are already included in the key financials of our Product business.

In our Online Marketing segment, the budget cuts of advertisers and the resulting pressure on margins had a clearly visible impact on sales and earnings. Segment sales thus displayed less than proportionate growth of just 1.6%, from € 157.0 million to € 159.5 million.

Consolidated gross margin fell from 40.4% in the previous year to 39.6%. The main reason is the strong growth in new customers and the resulting changed product mix due to the higher proportion of DSL business, which offers a lower gross margin in comparison to other products, such as webhosting or our portal business.

Due to our customer growth and the successful marketing of our all-inclusive packages, sales and marketing expenses grew from € 177.9 million last year to € 205.8 million. As a result of simultaneously strong growth in sales revenues, however, their proportion of 16.8% was only slightly above the prior-year figure of 16.6%. Compared with the previous year, administrative expenses were reduced in both absolute terms and in relation to sales, from € 61.4 million (5.7%) to € 59.6 million (4.8%).

Earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 5.9% to € 249.5 million, compared with € 235.5 million in the previous year. Adjusted for extraordinary income of € 16.8 million in the Online Marketing segment in 2007 (ordinary EBITDA € 218.7 million), earnings grew by 14.1%. Earnings from ordinary activities grew from € 184.2 million to € 210.1 million and thus represented 17.2% of sales, as in the previous year. Comparable EBT grew by 7.7%, from € 174.6 million to € 188.1 million.

Quarterly development in € million

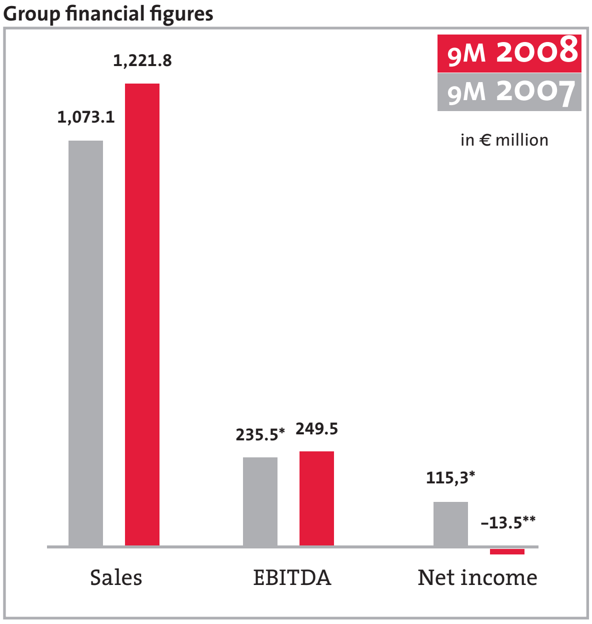
	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q3 2007
Sales	414.3	402.0	412.4	407.4	375.1
EBITDA	73.3	83.2	88.6	77.7	76.6
Net income	40.1	45.1	45.2	–103.8**	37.6

* Earnings figures for 2007 include a non-recurring positive effect of € 16.8 million in EBITDA and € 7.1 million in net income from Q2.
** Earnings figures for 2008 include negative, non-recurring and non-cash effects from Q3 of € 145.6 million.

The strategic investments in MSP Holding (freenet), Versatel and Drillisch placed a burden on consolidated net income and earnings per share (EPS). The financial result deteriorated to € 40.5 million (prior year: € -2.6 million), due mainly to the decline in of book values on Drillisch (€ 22.5 million) and financing expenses in connection with the acquisition of these investments (€ 16.0 million). The net negative earnings contribution from associated companies amounted to € 8.3 million. Despite financing expenses and the negative contribution to earnings, the ordinary result of the United Internet Group grew by 22.1%, from € 108.2 million (comparable prior-year figure) to € 132.1 million. Earnings per share for ordinary operations grew by 26.7%, from € 0.45 (comparable prior-year figure) to € 0.57.

The share prices of United Internet AG's stock market-listed strategic investments — freenet (via MSP Holding) and Drillisch — have fallen strongly over the past few months. The Management Board and Supervisory Board have therefore decided to decrease the book values of these companies by a total of € 145.6 million to their stock market values as of September 30, 2008. This one-off and non-cash effect is composed of the decline in value of the Drillisch shares (€ 22.5 million, as already described above), as well as of the decline in value of the freenet shares (€ 123.1 million). In total, this led to a consolidated net income of € -13.5 million (prior year € 115.3 million) and an EPS of € -0.06 (prior year € 0.48).

Group financial figures



Strong operative cash flow of € 175.6 million

Despite high expenses for new customer acquisition and cost-intensive upgrades to all-inclusive DSL packages, cash flow from operating activities grew by 14.3%, from € 153.6 million to € 175.6 million. Net cash flow from operating activities fell from € 166.9 million to € 95.9 million. This was mainly a result of a reduction in trade payables for pre-service purchases of € 100.0 million during the period under review.

Net cash flow for investing activities amounted to € 174.7 million in the period under review, whereby the acquisition of shares in associated companies accounted for the major share (€ 121.2 million). In the prior-year period there was net cash flow for investing activities of € 1.8 million. This included income from the sale of the twenty4help group amounting to € 86.9 million. Cash flow of € 29.6 million for other financial assets in the period under review was mainly invested in young internet companies via European Founders Fund No. 3. An amount of € 25.5 million (prior year: € 37.1 million) was invested in intangible assets and property, plant and equipment. Cash flow from financing activities was dominated by the assumption of loans amounting to € 150.1 million (prior year: loan repayment of € 2.7 million), as well as disbursements of € 51.6 million for the purchase of treasury shares (prior year: € 133.8 million) and a dividend payment of € 45.9 million (prior year: € 42.5 million).

Increase in bank liabilities

Compared with December 31, 2007, the balance sheet total fell slightly from € 1,214.0 million to € 1,155.2 million as of September 30, 2008. This decline resulted in particular from decrease made on shares in associated companies / joint ventures (especially freenet via MSP), which were made as a result of their fallen stock market quotations as of September 30, 2008. In terms of debt, there was a decrease in trade payables from € 232.4 million to € 131.9 million. However, bank liabilities increased from € 371.1 million to € 520.4 million — also as a result of share purchases. Cash and cash equivalents as of September 30, 2008 amounted to € 37.2 million (December 31, 2007: € 59.8 million). As of September 30, 2008, United Internet AG held 22 million treasury shares. After deduction of treasury shares, the Group's equity ratio amounted to 22.6% as of September 30, 2008 (31.6% on December 31, 2007).

Risk report

Over and above the statutory requirements, United Internet AG attaches great importance to its holistic risk management system. Our monitoring system identifies, classifies and evaluates risks using standard procedures and defining clear responsibilities throughout the Group. 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. The risk management culture we have introduced enables us to deal with risks proactively.

During the first nine months of 2008, the overall risk situation remained mostly stable when compared with the risk report provided as part of the annual financial statements 2007. Due to United Internet's ongoing strict alignment as an Internet Service Provider, the major risks for the Company's future assets, liabilities, financial position and profit or loss focus on the areas of supplier dependency, technology and software systems, as well as on competition.

Depending on the share price development of our listed investments, there may be non-operative burdens (non-cash) from writedowns — as happened in the current quarter. United Internet AG holds a strategic investment in Versatel AG of 25.21%. The share price of Versatel fell further over the past few weeks (XETRA closing on November 13, 2008: € 10.39). Our amortized acquisition costs currently amount to € 15.69 per share. During the preparation of our annual financial statements for 2008, we shall consider further valuation measures for this investment — irrespective of its further market price development.

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

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

Opportunities and outlook

Opportunities and outlook

In its November outlook the International Monetary Fund (IMF) forecasts a global recession in 2009. The IMF forecasts falling economic output of -0.7% for the USA in 2009 (following expected +1.4% in 2008) and -0.5% for the Euro zone in 2009 (following expected +1.2% in 2008). Following growth of 1.7% this year, the IMF also forecasts a decline of 0.8% for Germany in 2009. The experts also expect falling economic output in the UK, Spain and France in 2009.

In total, the IMF expects that the GDP of industrialized nations will fall by 0.3% in 2009. Just one month ago, the IMF had forecast growth of 0.5% for the developed nations. There will also be a noticeable fall in the pace of growth among the world's emerging nations, albeit at a fairly healthy rate of 5.1% (6.1%), explained the Fund.

For the world as a whole, the IMF now expects economic growth of 3.7% in the current year and 2.2% in the coming year. The IMF has thus made a further downward correction to its forecasts. In its latest „World Economic Outlook" the IMF lowered its GDP forecast for 2008 to 3.9% (previously 4.1%) and for 2009 to 3.0% (previously 3.9%). According to the commonly accepted definition, that would mean that the global economy was in recession.

IT companies facing uncertain business development

Although hardly affected by the financial market crisis so far, the German ITC sector is uncertain about its prospects for 2009 in view of the falling economic growth forecasts. This was the finding of a recent survey conducted among 300 IT companies in mid October by the German ITC sector association BITKOM. According to the survey, 86% of all companies questioned have not yet felt any effects of the crisis on their own business. Only 13% stated that they were selling less, or had received fewer orders, than expected. However, companies had much more mixed feelings when it came to business development in the near future. Whereas 60% of companies expected no adverse effects from the financial crisis in the coming months, 39% already expected weaker sales in this period than they had before the crisis started.

A further survey topic was the financial situation of the companies. Despite the potential danger that banks might be more restrictive in their lending in future — in view of the huge difficulties faced by the financial sector — only one third of those questioned expected worse financial conditions in the coming months. A clear majority of almost 60% was confident that this would not be the case.

Growth in broadband connections to continue

According to the latest "Germany Online" survey, initiated by Deutsche Telekom, the trend toward broadband connections is set to continue. The number of broadband connections is expected to rise to over 29 million by 2015 — so that over 80% of all German households will have a broadband connection by this time.

The continuing growth in broadband connections will also positively impact other markets in which we operate. With growing household penetration of broadband internet, we can offer new and innovative products and services — such as internet telephony, video-on-demand and web-based office applications — which users can access without any drop in performance. In the field of online marketing, increasing bandwidth will enable our "own marketer" United Internet Media and our "third-party marketers" AdLINK Media, Sedo and affilinet, to use increasingly data-intensive advertising formats.

Further growth also expected for webhosting and online advertising

Market researchers also predict further growth for the webhosting industry. Gartner and IDC forecast annual growth rates of 15% and 16% until 2010. In their European Managed Webhosting Forecast of October 2007, the experts of IDC expect growth of 11.3% to $ 4.2 billion for western Europe in 2008 — in the B-to-B hosting sector alone. Good growth opportunities are forecast for all European markets in which we operate: Germany (plus 9.4%), the UK (plus 11.3%), France (plus 11.0%), Austria (plus 12.3%) and Spain (plus 13.4%).

Further growth is also expected for the online advertising market. In its report "European Online Advertising, Forecast, 2007 to 2012" published in October 2007, JupiterResearch forecasts growth in Western Europe of 18% to € 9.1 billion in 2008. Further growth is also expected for Germany — although the pace of growth in the first nine months of 2008 was behind that of former years due to a noticeable fall in advertising spend. The German Online Marketing Group (OVK) now expects growth of 10 to 15% — instead of the 25% it forecast in spring — based on revenue of around € 2.9 billion in 2007.

Opportunities for United Internet

Despite the worsening global economic conditions, we see good opportunities for our business, also in the remaining months of fiscal year 2008, thanks to our successful and stable positioning in the growth markets of DSL, Webhosting, Portals and Online Marketing.

In our Product segment, we are confident that our international expansion strategy will continue to make good progress and that we can continue our dynamic growth. Thanks to our innovative products and our attractive price-performance ratio, we also see good growth opportunities for DSL connections. Moreover, with the aid of now four pre-service providers we can upgrade more existing customers simultaneously to our all-inclusive packages, enabling us to maximize customer retention. In total, we expect further growth in customer contracts for all our product lines. For the marketing of our portals GMX, WEB.DE and 1&1, we also expect further growth — albeit at a slower pace due to the cyclical fall in demand.

In our Online Marketing business, in which we market websites and domains of third parties, we also expect a difficult final quarter. This is a result of the ongoing difficulties in our Domain Marketing business, reduced advertising budgets in display advertising and generally high pressure on margins due to fierce competition for the remaining budgets.

Consolidated Financial Statements as of September 30, 2008

Balance Sheet in €k

	September 30, 2008	December 31, 2007
ASSETS		
Current assets		
Cash and cash equivalents	37,219	59,770
Accounts receivable and other assets	105,238	123,788
Inventories	15,778	16,785
Prepaid expenses	23,164	23,020
Loans to joint ventures	5,000	4,007
Other assets	22,921	16,371
	209,320	**243,741**
Non-current assets		
Shares in associated companies / joint ventures	280,977	309,023
Other financial assets	71,404	67,867
Property, plant and equipment	81,261	77,105
Intangible assets	101,335	120,031
Goodwill	404,042	388,822
Deferred tax asset	6,828	7,437
	945,847	**970,285**
Total assets	**1,155,167**	**1,214,026**
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade accounts payable	131,930	232,421
Liabilities due to banks	1,972	2,056
Advance payments received	6,471	6,069
Accrued taxes	36,333	30,172
Deferred revenue	106,541	102,200
Other accrued liabilities	7,178	7,683
Other liabilities	55,543	60,243
	345,968	**440,844**
Non-current liabilities		
Convertible bonds	238	245
Liabilities due to banks	518,469	369,049
Deferred tax liabilities	19,379	19,061
Other liabilities	10,483	886
	548,569	**389,241**
Total liabilities	**894,537**	**830,085**
Equity		
Capital stock	251,434	251,434
Additional paid-in capital	162,497	160,095
Accumulated profit	111,775	171,688
Treasury stock	–264,987	–213,338
Revaluation reserves	4,944	9,411
Currency translation adjustment	–16,252	–7,726
Equity attributable to shareholders of the parent company	**249,411**	**371,564**
Minority interests	11,219	12,377
Total equity	**260,630**	**383,941**
Total liabilities and equity	**1,155,167**	**1,214,026**

Consolidated Financial Statements January to September 2008

Income Statement in €k

	2008 January–September	2007 January–September
Sales	1,221,762	1,073,061
Cost of sales	–737,527	–639,099
Gross profit	**484,235**	**433,962**
Selling expenses	–205,789	–177,939
General administrative expenses	–59,563	–61,360
Other operating income / expenses	7,799	15,780
Amortization of intangible assets resulting from company acquisitions	–16,555	–16,873
Amortisation of goodwill	0	–9,373
Operating result	**210,127**	**184,197**
Financial result	–40,478	–2,608
Result from associated companies	–127,155	438
Pre-tax result	**42,494**	**182,027**
Income taxes	–55,957	–66,721
Net income before minority interests (from continued operations)	**–13,463**	**115,306**
Result from discontinued operations	–	68,248
Net income before minority interests (after discontinued operations)	**–13,463**	**183,554**
Attributabel to		
- minority interests	564	2,155
- shareholders of United Internet AG	–14,027	181,399

Result per share of shareholders of United Internet AG (in €)		
- basic	–0.06	0.76
- diluted	–0.06	0.75
thereof result per share (in €) from continued operations		
- basic	–0.06	0.48
- diluted	–0.06	0.47
thereof result per share (in €) from discontinued operations		
- basic	–	0.28
- diluted	–	0.28
Weighted average shares (in Million units)		
- basic	229.91	237.64
- diluted	230.42	238.95

Consolidated Financial Statements January to September 2008
Income Statement in € million

	Q1 2008 Jan.–March	Q2 2008 April–June	Q3 2008 July–Sept.	Q3 2007 July–Sept.
Sales	402.0	412.4	407.4	375.1
Cost of sales	–242.5	–245.4	–249.6	–224.5
Gross profit	**159.5**	**167.0**	**157.8**	**150.6**
Selling expenses	–66.8	–65.8	–73.2	–61.4
General administrative expenses	–19.8	–20.6	–19.1	–21.3
Other operating income / expense	3.0	0.5	4.3	–0.7
Amortization of intangible assets resulting from company acquisitions	–5.5	–5.5	–5.6	–5.7
Amortization of goodwill	0.0	0.0	0.0	0.0
Operating result	**70.4**	**75.6**	**64.2**	**61.5**
Financial result	–5.4	–5.3	–29.8	–1.3
Result from at-equity companies	–0.2	–4.8	–122.2	–0.1
Pre-tax result	**64.8**	**65.5**	**–87.8**	**60.1**
Income taxes	–19.7	–20.3	–16.0	–22.5
Net income (from continued operations)	**45.1**	**45.2**	**–103.8**	**37.6**
Result from discontinued operations	–	–	–	–
Net income (after discontinued operations)	**45.1**	**45.2**	**–103.8**	**37.6**
Attributabel to				
- minority interests	0.4	0.2	0.0	0.2
- shareholders of United Internet AG	44.7	45.0	–103.8	37.4

Result per share of shareholders of United Internet AG (in €)				
- basic	0.19	0.20	–0.45	0.16
- diluted	0.19	0.20	–0.45	0.16
thereof result per share (in €) from continued operations				
- basic	0.19	0.20	–0.45	0.16
- diluted	0.19	0.20	–0.45	0.16
thereof result per share (in €) from discontinued operations				
- basic	–	–	–	–
- diluted	–	–	–	–

Consolidated Financial Statements as of September 30, 2008

Statement of Changes in Shareholder's Equity

	Capital stock		Additional paid-in capital	Accumulated profit	Capital stock	
	Share	€k	€k	€k	Share	€k
Balance as of January 1, 2007	**250,235,176**	**250,235**	**156,447**	**–6,014**	**8,226,072**	**–79,561**
Exercise of convertibles	241,372	242	276			
Employee stock ownership programme AdLINK Internet Media			160			
Employee stock ownership programme United Internet			875			
Market value changes of available for sale securities after taxes						
Withdrawal of treasury shares					9,773,928	–133,777
Dividend payments				–42,516		
Currency translation adjustment						
Net income 2007				181,399		
Change amount of holding						
Balance as of September 30, 2007	**250,476,548**	**250,477**	**157,758**	**132,869**	**18,000,000**	**–213,338**
thereof result directly included in equity						
Balance as of January 1, 2008	**251,433,972**	**251,434**	**160,095**	**171,688**	**18,000,000**	**–213,338**
Employee stock ownership programme AdLINK Internet Media			1,047			
Employee stock ownership programme United Internet			1,355			
Market value changes of available for sale securities after taxes						
Withdrawal of treasury shares					4,000,000	–51,649
Dividend payments				–45,886		
Currency translation adjustment						
Net income 2008				–14,027		
Change amount of holding						
Balance as of September 30, 2008	**251,433,972**	**251,434**	**162,497**	**111,775**	**22,000,000**	**–264,987**
thereof result directly included in equity						

						Total net income	
	Revaluation reserves	Currency translation	Equity attributable to shareholders of the parent company	Minority interests	Total equity	attributable to share holders of United Internet AG	Minority interests
	€k	€k	€k	€k	€k	€k	€k
	1,373	**930**	**323,410**	**11,605**	**335,015**	**113,575**	**6,954**
			518		518		
			160		160		
			875		875		
	8,201		8,201		8,201	8,201	
			–133,777		–133,777		
			–42,516		–42,516		
		–164	–164		–164	–164	
			181,399	2,155	183,554	181,399	2,155
			0	–1,741	–1,741		
	9,574	**766**	**338,106**	**12,019**	**350,125**	**189,436**	**2,155**
						8,037	*0*
	9,411	**–7,726**	**371,564**	**12,377**	**383,941**	**220,749**	**4,397**
			1,047		1,047		
			1,355		1,355		
	–4,467		–4,467	–147	–4,614	–4,614	–147
			–51,649		–51,649		
			–45,886		–45,886		
		–8,526	–8,526		–8,526	–8,526	
			–14,027	564	–13,463	–14,027	564
			0	–1,575	–1,575		
	4,944	**–16,252**	**249,411**	**11,219**	**260,630**	**–27,167**	**417**
						–13,140	*–147*

Consolidated Financial Statements January to September 2008

Cash Flow Statement in €k

	2008 January–Sept.	2007 January–Sept.
Cash flow from operating activities		
Net income (from continued operations)	–13,463	115,306
Net income (from discontinued operations)	0	68,248
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of intangible assets and property, plant and equipment	22,784	25,092
Amortization of intangible assets resulting from company acquisitions	16,555	16,873
Writedown of other finacial assets	22,506	0
Write-down of goodwill	0	9,373
Compensation expenses from employee stock option plans	2,402	1,035
Results of at-equity companies	127,155	–438
Distributed profits of associated companies	397	666
Income from deconsolidation of affiliated companies	0	–65,794
Income from deconsolidation of associated companies	–3,840	0
Non-cash result from contribution of assets	0	–16,808
Change in deferred taxes	1,056	55
Operative cash flow	**175,552**	**153,608**
Change in assets and liabilities		
Change in receivables and other assets	11,998	–10,768
Change in inventories	1,007	4,296
Change in deferred expenses	–144	–519
Change in trade accounts payable	–100,019	–6,916
Change in advance payments received	402	470
Change in other accrued liabilities	–505	0
Change in accrued taxes	6,161	15,121
Change in other liabilities	–2,882	143
Change in deferred income	4,341	11,471
Change in assets and liabilities, total	**–79,641**	**13,298**
Cash flow from operating activities	**95,911**	**166,906**

	2008 January–Sept.	2007 January–Sept.
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	–25,510	–37,062
Investments in other financial assets	–29,591	–77
Payments of loans granted	–1,945	–44
Payments of loans granted to joint ventures	–1,000	0
Disposal of assets	–71	215
Purchase of shares in associated companies	–121,221	–17,489
Purchase of further shares in affiliated companies	–9,061	–34,249
Purchase of shares in affiliated companies	–11,821	0
Payments from deconsolidation of affiliated companies	0	86,873
Payments from deconsolidation of associated companies	8,343	0
Repayments of associated companies	17,213	0
Cash flow from investment activities	**–174,664**	**–1,833**
Cash flow from financing activities		
Purchase of treasury stock	–51,649	–133,777
Change in bank liabilities	150,084	–2,740
Repayed loans to associated companies	–2,800	9,000
Dividend payments	–45,886	–42,516
Minority interests	10,013	0
Capital increase	0	1,076
Payment of convertible bonds	–8	–335
Cash flow from financing activities	**59,754**	**–169,292**
Net increase in cash and cash equivalents	–18,999	–4,219
Cash and cash equivalents at beginning of fiscal year	59,770	32,723
Currency translation adjustments of cash and cash equivalents	–3,552	–164
Cash and cash equivalents at end of fiscal year	**37,219**	**28,340**

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

The condensed consolidated interim report for the period from January 1 to September 30, 2008 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 connection with the consolidated financial statements as of December 31, 2007. The accounting and valuation principles applied in the consolidated financial statements as of December 31, 2007 were adopted without change for the preparation of this consolidated interim report.

The application of new or revised IFRS standards and interpretations had no significant effect on the Group's assets, financial position and earnings.

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

The consolidated interim report includes all subsidiaries and associated companies.

Changes in the reporting unit

Effective January 1, 2008, Sedo GmbH acquired a shareholding of 40% in DomainsBot S.r.l., Rome / Italy. A call option was also agreed for the purchase of a further 20% of shares no sooner than 2010.

In fiscal year 2008, the shareholding in Versatel AG, Berlin, was increased from 19.5% to 25.21%. The acquisition of the additional shares was dependent on the approval of the anti-trust authorities. This approval was granted on December 20, 2007.

On January 23, 2008, United Internet AG and Drillisch AG increased their shareholding in freenet AG to 24.52% via the jointly held company MSP Holding GmbH. Following a capital increase of freenet AG in connection with its takeover of Debitel, the shareholding of MSP Holding GmbH in freenet AG was diluted from 24.52% to 18.39% as of July 5, 2008.

In a contract dated February 8, 2008, United Internet Beteiligungen GmbH acquired a shareholding of 48.65% in virtual minds AG, Freiburg im Breisgau. The acquisition was made in part in the course of a capital increase.

In a contract dated March 5, 2008, United Internet Beteiligungen GmbH acquired 80% of shares in the newly founded European Founders Fund GmbH & Co. Beteiligungs KG No. 3. The company will be included in the Group's annual financial statements as a fully consolidated subsidiary.

On March 7, 2008, United Internet Beteiligungen GmbH acquired 33.36% of shares in BW2 Group AG, Lachen / Switzerland, in the course of a capital increase.

ProSiebenSat.1 Media AG and 1&1 Internet AG placed their cooperation on a new basis by founding the jointly controlled company maxdome GmbH & Co. KG, Unterföhring. The respective contracts were signed on February 22, 2008. The transaction was approved by the respective anti-trust authorities on April 29, 2008.

In a contract dated May 30, 2008, Fasthosts Ltd. acquired a 100% interest in Dollamore Ltd., Melbourne / UK. The acquisition of the shares in Dollamore Ltd. was accounted for using the purchase method. The purchase price was settled in cash; the preliminary acquisition costs amount to € 11,821k. Goodwill accrued from the expected synergies of the acquisition. Initial recognition has been made on a preliminary basis.

In an agreement dated June 25, 2008 the shares held in AdLINK Internet Media AB, Stockholm / Sweden were sold. The sale and deconsolidation of AdLINK Sweden as of June 30, 2008 resulted in an expense of € 29k.

In an agreement dated July 1, 2008, United Internet Beteiligungen GmbH acquired 30% of shares in Jimdo GmbH, Hamburg. The share purchase was effected in part in the course of a capital increase.

85.09% of shares in InterNetX GmbH were acquired in the period up to fiscal year 2007. Effective July 1, 2008 a further 10.46% of shares in InterNetX GmbH were sold by the original owners to United Internet Beteiligungen GmbH.

In an agreement dated July 21, 2008, the company Immobilienverwaltung NMH GmbH, Montabaur, was founded.

Effective August 26, 2008 shares held in Bigpoint GmbH, Hamburg, were sold.

The consolidated group remains otherwise unchanged from the consolidated financial statements as at December 31, 2007.

Explanations of income statement items

3 Personnel expenses

Personnel expenses amounted to € 126,502k (prior year: € 107,219k) in the reporting period of 2008. At the end of September 2008, United Internet employed a total of 4,434 people, of which 964 were employed outside Germany. The number of employees at the end of September 2007 amounted to 3,734, of which 809 were employed outside Germany.

4 Other operating income / expenses

Other operating income / expenses in the reporting period of 2007 were dominated by the accounting profit of AdLINK amounting to € 16,808k in connection with the non-cash contribution of shares held by AdLINK Internet Media AG in AdLINK Switzerland (50%) and AdLINK Austria (30%) to Goldbach Media AG.

5 Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 22,784k (prior year: € 25,092k).

Amortization of capitalized intangible assets resulting from business combinations amounted to € 16,555k (prior year: € 16,873k).

Total depreciation and amortization thus amounted to € 39,339k in the reporting period of 2008 (prior year: € 41,965k).

6 Goodwill amortization

Due to unscheduled developments, certain organizational and structural changes were introduced at CibleClick France and AdLINK UK in the past year. As a result, the goodwill of both companies was subjected to a non-scheduled impairment test. In connection with this impairment test, goodwill of CibleClick France was written down by € 7,662k and of AdLINK UK by € 1,711k.

7 Financial result

The financial result for the reporting period 2008 contains an amount of € 22,506k from decrease in value on the strategic investment in Drillisch. The remaining financial result of € 17,972k results mainly from the use of loans in connection with the acquisition of strategic holdings in Versatel, Drillisch and MSP (freenet), netted with income from financial investments amounting to € 1,353k.

8 Result from associated companies

The result from associated companies is dominated by decrease in value to fair value as of the balance sheet date due to non-temporary impairment amounting to € 123,141k for the strategic investment in MSP (freenet).

9 Income taxes

Disclosed income taxes mainly consist of current tax expenses in Germany, which result from the increased tax result. As part of the German Corporate Tax Reform 2008, the corporate tax rate was lowered from 25% to 15%. The composite tax rate therefore fell from approx. 38.5% to approx. 30%.

Explanations of balance sheet items

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

10 Shares in associated companies / joint ventures

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

	2008 €k
Carrying amount at the beginning of the fiscal year	309,023
Additions	121,221
Adjustments	
– Dividends	-397
– Shares in result	-4,014
– Decrease in value	-123,141
Disposals	-21,715
	280,977

The addition to shares in associated companies results mainly from the acquisition of shares in Versatel (€ 57,257k), shares in virtual minds (€ 9,093k) and shares in the BW2 Group (€ 5,826k). An amount of € 24,452k was invested in associated companies of European Founders Fund No. 2. Further investments in European Founders Fund No. 1 amounted to € 22,767k. The disposal results mainly from capital repayments of European Founders Fund No. 1. Please see Note 8 for details on decrease in value.

11 Other financial assets

The change in other financial assets results mainly from the disclosure of shares in companies acquired from European Founders Fund No. 3, as well as subsequent valuation of shares in Goldbach and Drillisch. In accordance with IAS 39, these shares are to be classified as available-for-sale financial assets.

12 Property, plant and equipment, intangible assets and goodwill

A total of € 25,510k (prior year: € 37,062k) 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.

The increase in goodwill of € 15,220k resulted from the purchase of further shares in affiliated companies and the acquisition of Dollamore Ltd. Foreign currency translation effects led to a decline in goodwill of € 4,675k in the Product segment.

Goodwill amounted to € 404,042k and is presented for each business segment of United Internet:

	2008 €k	2007 €k
Product segment	304,831	297,670
Online Marketing segment	99,211	91,152
	404,042	**388,822**

13 Liabilities due to banks

Non-current liabilities due to banks result mainly from a syndicated loan granted to United Internet AG with a term until September 13, 2012. The total credit line amounts to € 500.0 million. No special collateral was required for the syndicated loan. 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 is to be redeemed from March 14, 2010 in six equal installments. Tranche B is a revolving syndicated loan. The syndicated loan has a term until September 13, 2012.

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. No special collateral was required for this promissory note loan. Interest on the loan is variable. The face interest rate for the 3-month interest period is tied to the EURIBOR rate plus a margin p.a.

Working capital loans for United Internet amounting in total to € 55.0 million have terms ending in June and September 2009, or are available until further notice.

14 Other current liabilities

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

15 Accrued taxes

The rise in accrued taxes results from the increased tax result.

16 Capital stock

As of September 30, 2008, fully paid capital stock amounted to € 251,433,972, divided into 251,433,972 registered shares each having a theoretical share in the capital stock of € 1.

As of September 30, 2008 the Company held a total of 22.0 million treasury shares or 8.75% of current capital stock. The average purchase price per share amounted to € 12.04. Treasury shares reduce equity capital and are not entitled to dividend payments.

The dividend payment for fiscal year 2007 amounting to € 45.9 million was made on May 28, 2008.

17 Revaluation reserves

The decrease in revaluation reserves resulted from the subsequent valuation of shares in Goldbach and the reclassification of a temporary impairment of Drillisch shares carried directly in equity last year. Profits and losses from subsequent valuation to fair value are recognized directly in equity capital at net value, i.e. less deferred taxes. As the impairment of shares in Drillisch was no longer merely temporary, it was reclassified out of the revaluation reserve and charged to the income statement. Please see Note 7 for details.

Other items

18 Employee stock ownership plans

The Employee Stock Ownership Plan 2008 of United Internet AG and AdLINK Internet Media AG uses virtual share options (so-called SARs = Stock Appreciation Rights).

The changes in SARs issued can be seen from the table on the following page above.

19 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, 2007.

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

Shareholding (units)	September 30, 2008
Management Board	
Ralph Dommermuth	91,000,000
Norbert Lang	576,128
	91,576,128
Supervisory Board	
Kurt Dobitsch (Chairman)	–
Kai-Uwe Ricke	–
Michael Scheeren	700,000
	700,000

United Internet's premises in Montabaur are leased from Mr. Ralph Dommermuth. The resulting rent expenses are customary and amounted to € 1,168k in the reporting period 2008 (prior year: € 1,170k).

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

	United Internet AG		AdLINK Internet Media AG	
	SAR	Average exercise price (€)	**SAR**	Average exercise price (€)
Outstanding as of Dec. 31, 2007	2,000,000	12.21	430,000	16.39
issued	1,000,000	12.85	60,000	18.15
issued	400,000	13.89	200,000	18.60
Outstanding as of Sep. 30, 2008	**3,400,000**	**12.62**	**690,000**	**17.19**

The loan received from European Founders Fund GmbH & Co. Beteiligungs KG No.1 amounting to € 2,800k was redeemed during the period under review. The loan granted last year to MSP Holding GmbH amounting to € 4,000k was also redeemed during the first quarter of 2008, as was the liability of € 5,000k due to MSP Beteiligungs GmbH, a wholly-owned subsidiary of MSP Holding GmbH. During the period under review, a loan was made to MSP Holding GmbH amounting to € 5,000k.

There were no other significant transactions during the period under review.

19 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, November 14, 2008

United Internet AG

Ralph Dommermuth   Norbert Lang

Financial calendar 2008

April 4, 2008	Annual financial statements for fiscal year 2007
April 4, 2008	Press and analyst's conference
May 9, 2008	Business figures for the 1st Quarter of 2008
May 27, 2008	Annual Shareholder's Meeting in Frankfurt am Main, Alte Oper
May 28, 2008	Dividend payment for fiscal year 2007
August 13, 2008	Business figures for the 2nd Quarter of 2008
August 13, 2008	Press and analyst's conference
November 14, 2008	Business figures for the 3rd Quarter of 2008

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This annual report is available in German and English. Both versions can be downloaded from www.united-internet.de. In all cases of doubt, the German version shall prevail.

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