6-Month Report

2010

united internet

Selected key figures acc. to IFRS

(continued operations)

	Jan.-June 2010	Jan.-June 2009
Sales in € million	930.8	815.7
Earnings before interest, taxes depreciation and amortization (EBITDA) in € million	182.0	173.7
Earnings before interest and taxes (EBIT) in € million	142.2	147.6
Employees at end of June	4,724	4,444
Share price at end of June (Xetra) in €	9.03	8.34
Earnings per share in €	0.34	0.36

Quarterly development in € million

	Q3/2009[1]	Q4/2009[2]	Q1/2010	Q2/2010	Q2/2009
Sales	409.1	434.1	462.8	468.0	406.3
EBITDA	145.6	97.4	90.3	91.7	90.2
EBIT	132.2	80.8	70.7	71.5	76.8

1 Q3/2009: EBITDA and EBIT incl. positive special items of € 50.2 million

2 Q4/2009: EBITDA and EBIT incl. positive special items of € 10.4 million

Management Report

Dear shareholders, employees and friends of United Internet!

United Internet can look back on a successful first six months of 2010. We succeeded in expanding our business while at the same time laying the foundation for further growth in the growing fields of “Mobile Internet” and “Cloud Applications”, as well as driving the company’s international expansion.

Consolidated sales of United Internet AG grew by 14.1% in the first half year of 2010, from € 815.7 million in the previous year to € 930.8 million. Despite high expenses (€ 19.2 million) for our DSL quality drive and start-up costs for new business fields, earnings before interest, taxes, depreciation and amortization (EBITDA) improved by 4.8%, from € 173.7 million to € 182.0 million. Due in particular to the scheduled increase in depreciation by € 10.8 million following the acquisition of freenet’s DSL customers, earnings before interest and taxes (EBIT) were down 3.7% to € 142.2 million, compared to € 147.6 million last year. The acquisition of freenet’s customers in late 2009 significantly enhanced our strategic position in the current consolidation of the DSL market.

In our “Access” segment, sales improved by 20.7% to € 602.2 million in the first half year of 2010. EBITDA grew by 15.9% to € 66.2 million, while EBIT was down 4.0% on the previous year to € 53.2 million as a result of scheduled depreciation of € 10.8 million of the acquired freenet DSL customer base. Compared to December 31, 2009, the number of fee-based Access contracts remained stable at 3.50 million, of which 3.31 million were DSL contracts. We succeeded in adding a further 190,000 complete DSL contracts (of particular importance for customer retention) in the period under review. In addition to our DSL quality campaign, we focused on the preparation of our Mobile Internet drive in the second quarter in particular, which began as scheduled on July 1, 2010. The launch was accompanied by an extensive TV, print and online marketing campaign.

In the “Applications” segment, we invested heavily in customer growth during the first half of 2010 – the number of fee-based contracts grew by 290,000 to 5.94 million. At the same time, the number of ad-financed accounts rose from 26.3 million to over 26.6 million. Sales growth in this segment was slowed, however, by the contract conversion of a major customer of Sedo subsidiary affilinet in late 2009. As a result, our listed subsidiary Sedo Holding AG (formerly AdLINK Internet Media AG) posted a fall in sales of 22.1% in the first half year of 2010 – whereas we enjoyed growth of 11.0% in the rest of the segment. Against this backdrop, total segment sales grew by just 3.7% from € 316.6 million to € 328.2 million. Despite high pre-launch costs for new applications and a significant increase in marketing expenses, segment EBITDA and EBIT were raised by 6.9% to € 118.9 million and by 6.1% to € 92.3 million, respectively. The main focus areas in the "Applications" segment during the first half year included the development of our Sector Homepage into a Do-it-Yourself Homepage, the development of the Online Office products launched in the second quarter, and preparations for our entry into the Polish and Argentinean markets scheduled for the third quarter.

In view of this successful start in the first half-year 2010, we confirm our forecasts and expect consolidated sales to grow by around 15% to a total of approximately € 1.9 billion. Despite further high expenses for our current DSL quality drive and further increased development and marketing costs in the following quarters for investments in new business fields and further foreign expansion, we currently expect EBITDA to remain at the record level of the previous year (without positive special items of 2009).

Montabaur, August 27, 2010

Ralph Dommermuth

Group management report for the first six months of 2010

Economic environment

Global economy recovering

In its summer forecast of July 8, 2010, the International Monetary Fund (IMF) once again raised its growth forecast for 2010 and now predicts growth of 4.6% – after already upgrading its original forecast of 3.9% to 4.2% in April 2010. The Fund cited the global economy's solid recovery in the first six months, especially in Asia.

For Europe, the IMF left its 2010 forecast unchanged at 1.0%. However, due to the European debt problem, the forecast for 2011 has now been downgraded to 1.3% (from 1.5%). The Fund believes that Europe will grow at varying rates. Whereas certain countries will find it difficult to pull out of recession, the IMF believes that Germany in particular will benefit from its exports to the booming emerging nations. Against this backdrop, the IMF forecasts growth of 1.4% for the German economy in the current year. However, the IMF is much more pessimistic than economists at Commerzbank and Deutsche Bank, who believe the German economy can already reach growth of 2.0 to 2.5% in 2010.

Mood of ICT sector continues to improve

According to the industry association BITKOM, 69% of Germany's IT and telecommunications companies reported increased sales for the second quarter of 2010. At the same time, the BITKOM index of the ICT sector's current mood leapt by a further 13 points to 48 and is now well above its "prior-crisis level". At the end of 2009, the index had slumped to minus 6 points. There was a corresponding rise in the expectations of ICT companies for 2010 as a whole during the second quarter: 71% of companies now expect growth in the current year.

With its "Access" and "Applications" segments, United Internet AG operates in the fixed-line and mobile phone markets (Access segment), as well as cloud applications and online marketing (Applications segment).

As expected, the demand for new (stationary) broadband connections has slowed since 2008. With growth of around 2.4 million in 2009, the number of new connections continued to fall – following 3.1 million in 2008 and 4.6 million in 2007 – and was well below earlier record growth periods. In its annual report published in March 2010, the German Federal Network Agency stated that it expects this trend to continue in 2010. The six-month figures published by DSL suppliers operating in Germany confirm these expectations. At the same time, however, the market for mobile broadband connections (Mobile Internet) is growing fast: in 2008, the volume of data transmitted via mobile phone networks already amounted to 11.5 million GB – more than triple the volume of 2007. This trend continued in 2009 with an increase in transmission volume to around 33.5 million GB. This strong growth in mobile internet usage is being driven above all by low prices which are more attractive for consumers, as well as by the boom in smartphones and their respective applications (apps). The German Federal Network Agency expects this trend to continue in 2010 and the following years. The sector association BITKOM also expects sales of smartphones in Germany to grow by 47% to 8.2 million handsets in 2010.

The international webhosting market – part of the cloud computing segment – continues to enjoy steady growth. According to calculations of DENIC, the global number of registrations of the three most important top-level domains (.com, .net, .org) grew by 5.31 million new domains in the first half of 2010 to reach a total of 114.55 million domains – an increase of around 4.9% over December 31, 2009. The German top-level domain ".de" also enjoyed strong demand in the first six months of 2010 – despite a comparatively high online presence already achieved among consumers and businesses in Germany – and grew by 0.41 million (+3.1%) to 13.72 million domains. The registration authorities reported even stronger growth of national domains in our foreign markets the UK (+5.7% to 8.59 million), France (+9.3% to 1.76 million), Austria (+3.3% to 0.94 million) and Switzerland (+5.1% to 1.45 million) in the first six months of 2010, while the Spanish top-level domain ".es" remained stable at the level of December 2009 (1.21 million domains).

The advertising market's recovery from the global economic crisis has been faster and stronger than expected. Following the end of the first half of 2010, the latest issue of "Advertising Expenditure Forecast" of media agency group ZenithOptimedia forecasts global growth in ad spending of 3.5% in 2010 – a significant increase on its forecast of April 2010 (2.2%). ZenithOptimedia cites stronger than expected growth in ad spending in North America and Western Europe – although these markets are recovering much more slowly than most other regions. ZenithOptimedia also believes that the internet in particular will continue to grow as an advertising medium. Based on the first six months of 2010, ZenithOptimedia now expects that internet advertising will account for around 17.1% of estimated global ad spending of USD 484.5 billion by 2012 (2009: approx. 13% of USD 426.1 billion).

Business development of the Group

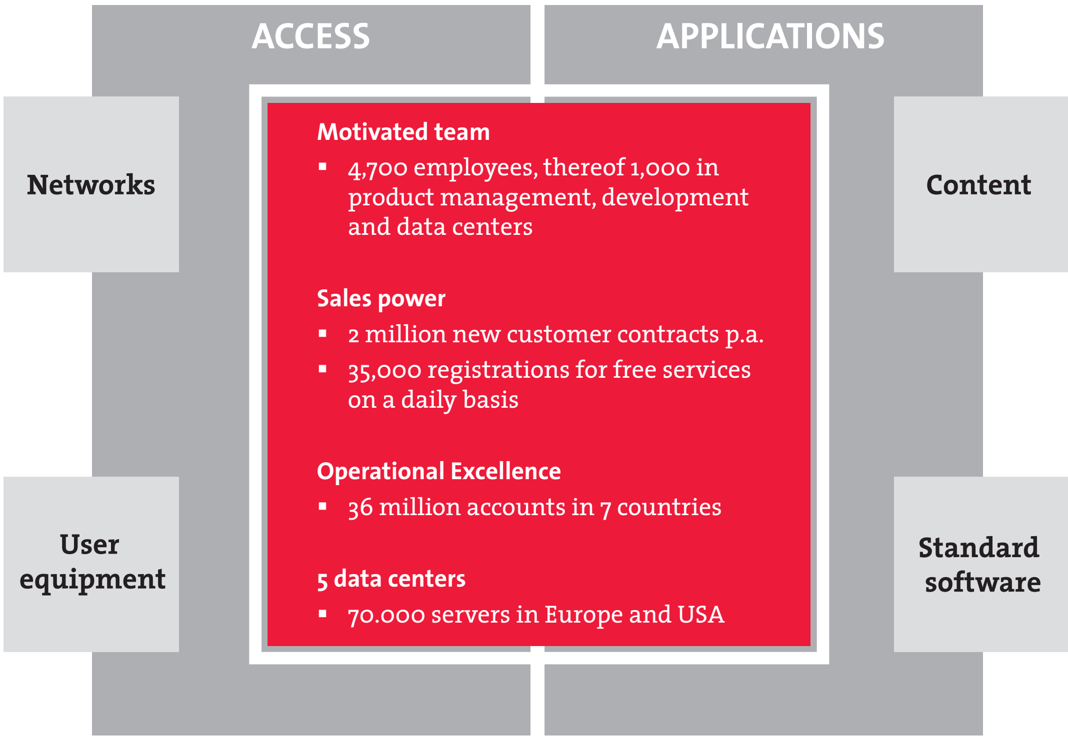
Overview of United Internet

United Internet is the leading European internet specialist with over 9.4 million fee-based customer contracts and more than 26.6 million ad-financed free accounts.

In order to fully exploit the identified growth business fields "Mobile Internet" and "Cloud Applications", we introduced a new segmentation for management and reporting purposes at the beginning of 2010. The former segments, "Products" and "Online Marketing" were discontinued and business is now represented by the segments "Access" and "Applications".

The "Access" segment comprises our fixed-line and mobile access products, including the corresponding applications. We operate in Germany in this segment, where we are among the top providers. We remain independent of network providers by purchasing standardized network services from various pre-service providers, which we then enhance with end-user devices and our own applications and services from our "Internet Factory" in order to differentiate ourselves from the competition. We market our Access products via the strong brands GMX, WEB.DE and 1&1, which enable us to reach a mass market and target specific customer groups.

UNITED INTERNET – „INTERNET FACTORY“



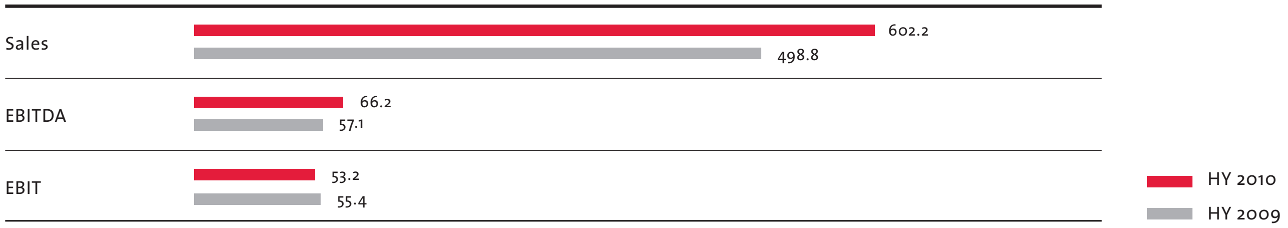
The “Applications” segment comprises the company’s application business – whether ad-financed or via subscription fee. These applications include, for example, home pages and e-shops, Personal Information Management applications (e-mail, to-do lists, appointments, addresses), group work, online storage and office software, which we develop in our own “Internet Factory” or together with partners and market 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.

Segment development

“Access” segment

In the “Access” segment, sales in the first six months of 2010 grew by 20.7%, from € 498.8 million to € 602.2 million. EBITDA improved by 15.9%, from € 57.1 million to € 66.2 million, while EBIT fell by 4.0% from € 55.4 million last year to € 53.2 million due to a scheduled increase in depreciation after acquiring freenet’s DSL customer base. The acquisition of freenet’s customers in late 2009 significantly enhanced our strategic position in the current consolidation of the DSL market. Customer acquisition costs and costs for the conversion of resale DSL customers to complete packages continue to be charged directly as expenses.

Financial figures for “Access” segment in € million



Quarterly development in € million

	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q2 2009
Sales	254.4	273.5	300.8	301.4	246.7
EBITDA	45.2	21.8	31.7	34.5	34.8
EBIT	44.2	18.7	25.2	28.0	33.9

The number of fee-based Access contracts has remained stable in 2010 with a total of 3.50 million contracts, of which 3.31 million are DSL contracts. We succeeded in adding a further 190,000 complete DSL contracts in the first six months of 2010 (of particular importance for customer retention).

Development of customer contracts in the first six months of 2010

"Access" customer contracts	Dec. 31, 2009	June 30, 2010	Change
Access, total	3.50 million	3.50 million	+/-0
of which DSL	3.31 million	3.31 million	+/-0
– of which DSL complete	1.82 million	2.01 million	+190,000
– of which resale DSL / T-DSL	1.49 million	1.30 million	-190,000
of which narrowband / mobile	0.19 million	0.19 million	+/-0

Development of customer contracts in the 2nd quarter of 2010

"Access" customer contracts	March 31, 2010	June 30, 2010	Change
Access, total	3.50 million	3.50 million	+/-0
of which DSL	3.31 million	3.31 million	+/-0
– of which DSL complete	1.91 million	2.01 million	+100,000
– of which resale DSL / T-DSL	1.40 million	1.30 million	-100,000
of which narrowband / mobile	0.19 million	0.19 million	+/-0

Highlights of the first six months of 2010

In the first six months of 2010 we focused above all on new services relating to our DSL quality drive and preparations for our entry into the Mobile Internet business:

- Our 1&1 brand launched a **revamped DSL range** in February 2010. In addition to its usual attractive pricing, the new range of products can also be flexibly combined with additional services. Four simple and transparent basic tariffs – which primarily differ in respect of their maximum speeds – form the basis and can be expanded as required with options for varying interests.
- In April 2010 we also began offering our DSL packages **without any minimum contract term**. As part of our DSL quality drive, 1&1 now meets customer requests for more flexibility by offering an alternative for those who do not want long-term contracts with their internet and phone providers.
- In mid March 2010, we signed a so-called MVNO agreement (Mobile Virtual Network Operator) with Vodafone. On the basis of this agreement, we developed our **own Mobile Internet products and tariffs** which we have been marketing since July 1, 2010 – supported by an extensive TV, print and online marketing campaign.
- On June 30, 2010, we launched our **own "Tablet PC", the 1&1 SmartPad**, as an innovative end-user device for our DSL and Mobile Internet products. Ideal for fast and easy internet access (via WLAN or USB surf-stick), it can be used e.g. to check e-mails, to tweet or to use social networks. In addition to the pre-installed applications, the 1&1 Store also provides a large number of apps for the device's open Android operating system.

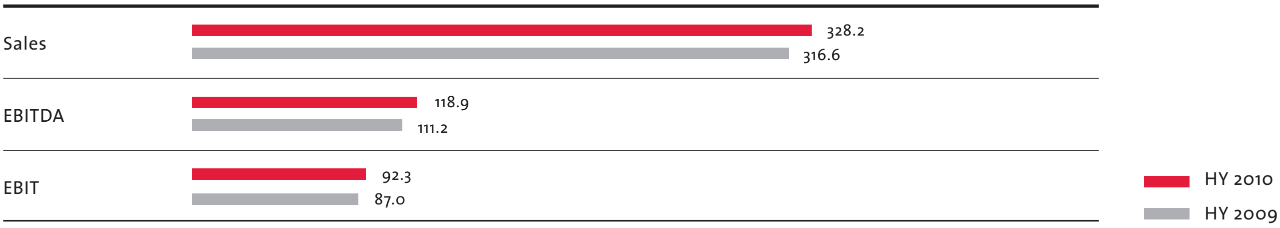
Outlook

Thanks to a product strategy based on transparency and flexibility, with innovative products offering excellent value for money and a variety of optional applications, we see good opportunities to enhance customer retention and achieve a further increase in average revenue per contract in our DSL business. In particular, we aim to achieve further growth in the migration of our customers to complete packages, which we regard as essential for improving customer retention. We also aim to grow in the booming Mobile Internet market, which we have been actively targeting since July 2010 with the aid of the MVNO contract agreed with Vodafone in the first quarter of 2010.

“Applications” segment

In the “Applications” segment, we invested heavily in customer growth during the first six months of 2010 – we succeeded in raising the number of fee-based contracts by 290,000 to 5.94 million. Sales growth in this segment was slowed by the contract conversion of a major customer of Sedo subsidiary affilinet in late 2009. As a result, our listed subsidiary Sedo Holding AG (formerly AdLINK Internet Media AG) posted a fall in sales of 22.1% in the first half of 2010 – whereas we enjoyed growth of 11.0% in the rest of the segment. Against this backdrop, total segment sales grew by just 3.7% from € 316.6 million to € 328.2 million. Despite high pre-launch costs for new applications and a significant increase in marketing expenses, EBITDA and EBIT of this segment grew by 6.9%, from € 111.2 million to € 118.9 million, and by 6.1% from € 87.0 million to € 92.3 million, respectively. Foreign business grew by 12.4% and accounted for € 96.3 million (prior year: € 85.7 million) of total segment sales.

Financial figures for “Applications” segment in € million



Quarterly development in € million

	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q2 2009
Sales	154.5	160.4	161.8	166.4	159.5
EBITDA	51.3	62.9	60.5	58.4	52.6
EBIT	38.8	49.6	47.4	44.9	40.2

Total growth in customer contracts of 290,000 to 5.94 million in the first six months of 2010 resulted from growth of 170,000 new Business Applications contracts (of which 60,000 in the 2nd quarter) to 4.18 million and growth of 120,000 new Consumer Applications contracts (of which 50,000 in the 2nd quarter) to 1.76 million.

Customer contracts in our foreign markets (UK, France, USA, Spain, Austria, Switzerland) increased to 2.35 million.

The number of active accounts for ad-financed applications grew from 26.3 million world-wide in December 2009 to over 26.6 million in June 2010.

Development of customer contracts in the first six months of 2010

“Applications” customer contracts	Dec. 31, 2009	June 30, 2010	Change
Total fee-based contracts	5.65 million	5.94 million	+290,000
– of which domestic	3.43 million	3.59 million	+160,000
– of which foreign	2.22 million	2.35 million	+130,000
Ad-financed accounts	26.3 million	26.6 million	+300,000

Development of customer contracts in the second quarter of 2010

"Applications" customer contracts	March 31, 2010	June 30, 2010	Change
Total fee-based contracts	5.83 million	5.94 million	+110,000
– of which domestic	3.53 million	3.59 million	+60,000
– of which foreign	2.30 million	2.35 million	+50,000
Ad-financed accounts	27.0 million	26.6 million	-400,000

Highlights of the first six months of 2010

In the first six months of 2010, activities focused mainly on the expansion and further development of our portfolio of cloud applications:

- In early 2010, 1&1 launched the **Dynamic Cloud Server** – a new kind of server offer. Users can freely choose the amount of RAM, processor speed, and hard drive capacity and flexibly adjust their settings according to requirements. Invoicing is based on the actual performance required for their respective applications, e.g. for websites, internet shops, games or web applications. Users can choose from a variety of Linux and Windows variants. Optimized default settings are offered for standard applications, such as mail, database, webhosting or game servers.
- In late March 2010, we entered into a strategic alliance with Zoho. The partnership aims to provide standardized **cloud applications** for the mass market. The first result of this alliance, the new 1&1 Online Office, was launched as an add-on to 1&1's webhosting products. In addition to 1&1's existing modules (e-mail, diary, address management, groupware and mobility), the 1&1 Online Office suite also comprises word processing, spreadsheets and presentation software. All applications run completely within the browser. Customer data are stored centrally at our high-performance data centers.
- In the first six months of 2010, we also developed our 1&1 Sector Homepage into the **1&1 Do-it-Yourself Homepage** (also advertised on TV for the first time since July). Moreover, we made strong progress with our planned launch of the 1&1 brand in Poland and our InterNetX brand in Argentina.
- As of July 6, 2010 and following extensive preparations, all GMX and WEB.DE users can reserve their names for future use with **De-Mail** – without any commitment or cost. Once the respective legislation is introduced in late 2010, De-Mail will enable public authorities, companies and private persons to securely exchange electronic documents in a legally binding way.

Outlook

With our strong and specialized brands, steadily growing portfolio of cloud applications, and our existing relations with millions of small businesses and private users, we are well positioned to utilize the opportunities offered by cloud computing. In addition to our planned entry into the Polish market in late August, we will also enter the South American market via InterNetX in August 2010.

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

Sales up 14.1% in the first six months of 2010

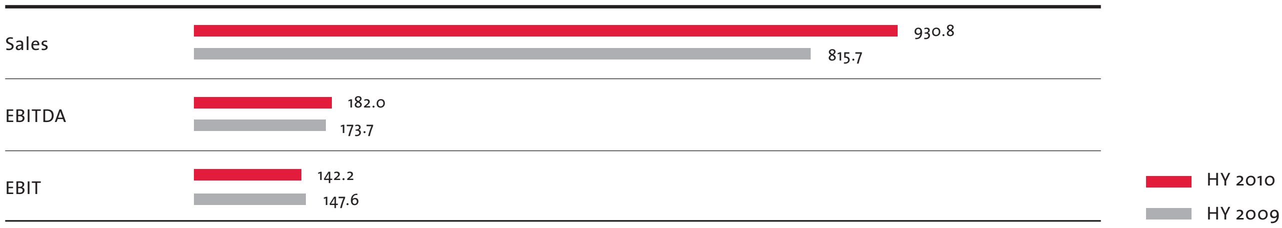
United Internet can look back on a successful first six months of 2010. Consolidated sales of United Internet AG grew by 14.1% in the period under review, from€ 815.7 million in the previous year to € 930.8 million. Sales of the “Access” segment rose by 20.7%, from € 498.8 million last year to € 602.2 million. In the “Applications” segment, sales growth was slowed by the contract conversion of a major customer of Sedo subsidiary affilinet in late 2009. As a result, our listed subsidiary Sedo Holding AG (formerly AdLINK Internet Media AG) posted a fall in sales of 22.1% in the first six months of 2010 – whereas we enjoyed growth of 11.0% in the rest of the segment. Against this backdrop, total segment sales grew by just 3.7% from € 316.6 million to € 328.2 million.

Consolidated gross margin fell from 37.7% in the same period last year to 37.2%. The main reason were high expenses for our DSL quality drive.

Due to scheduled depreciation on the acquired freenet DSL customer base, increased marketing expenditure in the “Applications” segment and pre-launch costs for new products, sales and marketing expenses grew from € 112.3 million (13.8% of sales) in the same period last year to € 141.7 million (15.2% of sales) in the first six months of 2010. In the period under review, administrative expenses rose more slowly than sales to € 45.0 million (4.8% of sales), compared to € 41.1 million (5.0% of sales) in the previous year.

Despite the above mentioned expenses and start-up costs, earnings before interest, taxes, depreciation and amortization (EBITDA) improved by 4.8%, from € 173.7 million to € 182.0 million. Due in particular to scheduled higher depreciation following the acquisition of freenet’s DSL customers, earnings before interest and taxes (EBIT) fell by 3.7% to € 142.2 million (prior year: € 147.6 million). There was a corresponding fall in earnings before taxes (EBT) of 4.7% to € 117.3 million and in net income from continued operations of 7.7% to € 76.8 million.

Group financial figures in € million



Quarterly development in € million

	Q3 2009[1]	Q4 2009[2]	Q1 2010	Q2 2010	Q2 2009
Sales	409.1	434.1	462.8	468.0	406.3
EBITDA	145.6	97.4	90.3	91.7	90.2
EBIT	132.2	80.8	70.7	71.5	76.8

[1] Q3/2009: EBITDA and EBIT incl. positive special items of € 50.2 million
[2] Q4/2009: EBITDA and EBIT incl. positive special items of € 10.4 million

Operative cash flow improves to € 143.7 million

Due to the successful development of business, operative cash flow rose strongly from € 126.2 million in the same period last year to € 143.7 million in the period under review.

Net cash flow from operating activities increased even more strongly from € 90.6 million to € 156.8 million.

Net cash flow for investing activities amounted to € 20.0 million (prior year: € 48.3 million, of which € 32.8 million for the acquisition of united-domains AG). The incoming side was dominated by cash proceeds from the sale of investments from the EFF Fund amounting to € 23.0 million (prior year: € 5.1 million), while outgoings mainly comprised investments in intangible assets and property, plant and equipment amounting to € 32.6 million (prior year: € 18.0 million).

Net cash outflows for financing activities in the first six months of 2010 were dominated by a cash outflow of € 111.6 million for the purchase of treasury shares as well as the dividend payment of € 88.0 million.

Balance sheet total reduced by share buyback and dividend payment

Compared with December 31, 2009, the Group's balance sheet total fell from € 1,323.4 million to € 1,226.6 million as of June 30, 2010. Goodwill of the Applications segment remained virtually unchanged at € 406.9 million (€ 398.9 million as at December 31, 2009). Due to the dividend payment and purchase of treasury shares, cash and cash equivalents fell from € 116.8 million to € 73.2 million – despite the effect on liquidity of reducing other assets – while net bank liabilities rose from € 283.4 million to € 345.8 million. Treasury shares held by United Internet AG amounted to 20,000,000 as at June 30, 2010 (compared to 10,272,371 as at December 31, 2009). After deduction of treasury shares, the Group's equity ratio amounted to 26.9% as at June 30, 2010 (following 33.2% as at December 31, 2009).

Share and dividend

The United Internet AG share closed on June 30, 2010 at € 9.03 and was thus just 2.0% below the price on December 31, 2009 (€ 9.22). Despite the dividend markdown, our share therefore performed much better in 2010 than the comparative TecDAX index, which fell 10.2% in the first six months of 2010.

The Annual Shareholders' Meeting of United Internet AG on June 2, 2010 voted to accept the proposal of the Management Board and Supervisory Board to pay a dividend of € 0.40 per share. This dividend comprises a regular amount of € 0.20 for fiscal year 2009 plus a bonus dividend of a further € 0.20 for the lack of dividend payment in the previous year. The total dividend of € 88.0 million was paid out on June 4, 2010.

Employees

At the end of June 2010, United Internet employed a total of 4,724 people (December 31, 2009: 4,571), of which 938 (December 31, 2009: 867) were employed outside Germany.

Risk report

Over and above the statutory requirements, United Internet AG attaches great importance to its comprehensive risk management system. Our monitoring system 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. The risk management culture we have introduced enables us to deal with risks proactively.

In the first six months of 2010, the overall risk situation remained mostly stable compared with the risk report provided in the annual financial statements 2009. The major operating risks for the Company's current and future assets, liabilities, financial position and profit or loss continue to focus on supplier dependency, technology and software systems, and the competition. We judge the probability of these identified risks as low to limited. Depending on the future 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.

With the signing of an MVNO agreement in April 2010 and launch of our Mobile Internet campaign on July 1, 2010, United Internet AG added a further access product to its product portfolio and entered a new, additional growth market. This entrepreneurial decision obviously involves certain new risks, which mainly result from the pricing of our products and from the minimum purchase volumes contractually agreed with our pre-service provider. Should actual consumption of voice minutes and / or data volumes differ from the calculated assumptions for the pricing of products, or the minimum purchase volumes not be reached, this may result in a deterioration of the company's assets, liabilities, financial position and profit or loss. During the project planning phase, United Internet already attempted to minimize these risks with the aid of detailed planning based on past experience and external market studies. Following a successful product launch, these risks are being closely observed by means of regular monitoring and controlling of usage and permanent comparison of minimum purchase and sales volumes.

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

IMF forecasts growth for global economy

Following the solid recovery of the global economy in the first six months of 2010, the International Monetary Fund (IMF) raised its growth forecast in June 2010 from 4.2% to 4.6%. The outlook for 2011 remained unchanged at 4.3%.

In Europe, the IMF left its forecast for 2010 unchanged at 1.0%, but has downgraded its forecast for 2011 to 1.3% (from 1.5%) due to the European debt problems.

Due to its growing exports to emerging nations, the Fund now expects Germany to grow faster than the rest of Europe and forecasts growth of 1.4% in 2010. The IMF is thus much more pessimistic than economists at Commerzbank and Deutsche Bank, who believe the German economy can already reach growth of 2.0 to 2.5% in 2010.

Further improvement in ICT sector mood

Companies in the high-tech sector were much more upbeat about their future prospects in 2010. According to the industry association BITKOM, 69% of Germany’s IT and telecommunications companies reported increased sales for the second quarter of 2010. At the same time, the BITKOM index of the ICT sector’s current mood leapt by a further 13 points to 48 and is now well above its “prior-crisis level”. At the end of 2009, the index had slumped to minus 6 points. There was a corresponding rise in the expectations of ICT companies for 2010 as a whole during the second quarter: 71% of companies now expect growth in the current year. Software houses and IT service providers are the most optimistic, but 62% of communication technology providers – a sector hit hard by the recession – also expect growing sales.

The association also expects a positive trend in the second half of 2010 with a further increase in demand and forecasts that total ICT sector sales will remain virtually unchanged in 2010 at around € 140 billion and grow by 1.6% to € 142 billion in 2011. According to the BITKOM forecast, IT technology sales will increase by 1.4% to € 64.4 billion in 2010 and by 3.8% to € 66.8 billion in 2011. The most important trends will be cloud computing, mobile internet and IT security. In the field of telecommunications, sales are expected to fall by 1.1% to € 63 billion in 2010 and remain at this level in 2011 – whereby sales with voice services will fall steadily while data services will rise strongly.

New trend in broadband market

According to the study “LIFE - Digitales Leben” published in 2009, the trend toward broadband connections will continue in the years ahead – albeit with slightly flatter growth curves. The experts interviewed forecast growth to 36 million broadband connections in Germany by 2015 and data transmission speeds of over 100 MBit/s in some cases. At the same time, experts predict very strong growth in “mobile” broadband usage and expect the number of broadband connections via mobile networks (mobile internet e.g. via UMTS) to grow to 41 million by 2015. This trend could already be observed over the past few years from the steady growth in data transmission revenues as a proportion of total mobile revenues, as well as from the success of modern smartphones. According to BITKOM, sales of mobile data services will increase by 8% to € 5.8 billion in 2010.

Broadband connections in Germany in million

	2009	2015e
Broadband connections	24.9	36.0
Mobile broadband	7.7	41.0

Source: VATM, Mobile Web Watch 2009, LIFE – Digitales Leben

Dynamic growth for cloud computing

All major research institutes forecast dynamic growth for the “cloud computing” market. According to Gartner, the segment “Cloud Computing for Small Companies” alone is expected to raise global sales from € 5.5 billion in 2009 to € 12.6 billion in 2013 – a result of the high availability now of “affordable” broadband internet connections.

Market researchers also predict continued growth for the webhosting industry – a sub-segment of the cloud computing market. For the shared and dedicated hosting sectors alone, Tier1Research forecasts growth of 9.0% to USD 5.96 billion and USD 2.48 billion respectively in 2010.

Hosting sales world-wide in USD billion

	2009	2010e	2011e
Broadband connections	5.52	5.96	6.49
Mobile broadband	2.28	2.48	2.70

Quelle: Tier1Research

Online advertising market showing signs of recovery

According to ZenithOptimedia, the global advertising market has returned to stability, following the sharpest decline in global advertising spend in decades. Following the completion of the first half of 2010, media agency group ZenithOptimedia predicts an increase in global advertising spend of 3.5% for 2010 in its “Advertising Expenditure Forecast” – and has thus raised its forecast of April 2010 (2.2%) once again. ZenithOptimedia believes that the internet in particular will continue its successful development as an advertising medium. Based on the first half of 2010, ZenithOptimedia now expects that by 2012 the internet will account for around 17% of global ad spending of USD 484.5 billion (2009: approx. 13% of USD426.1 billion).

The Online Marketing Group (Online-Vermarkterkreis - OVK) of the German Digital Economy Association (Bundesverband Digitale Wirtschaft – BVDW) is equally optimistic and forecasts growth in gross advertising revenues of 14% to € 4.66 billion in Germany for 2010. Growth will be particularly strong in the field of video advertising, which is expected to generate revenues of € 137.5 million by 2013 – a trend which is closely connected to the growing household penetration of broadband connections.

Development of gross advertising spend in Germany in € million

	2009	2010
Classic online advertising	2,168	2,450
Search word marketing	1,624	1,867
Affiliate networks	308	339
Total gross advertising spend	4,100	4,656

Source: BVDW

Opportunities for United Internet

We see numerous growth opportunities for our two operating segments "Access" and "Applications".

In our "Access" segment, we aim to enhance customer retention via further migration to complete packages, more personalized service and more transparent and flexible products. Moreover, we want to raise average revenue per contract with the aid of integrated additional features and new applications in order to generate further growth. We also expect a further boost to growth from our Mobile Internet campaign launched on July 1, 2010 in the fast growing mobile internet market.

In the "Applications" segment, we intend to benefit from expected market growth in the field of cloud applications. With our steadily growing portfolio of cloud applications, our strong and specialized brands, and our existing relations with millions of private and business customers, we are well prepared for this growth. In our Consumer Applications business, we believe that an increasingly wide range of products will enable us to convert ever more ad-financed users into paying customers. Further growth is expected from new procedures for secure e-mailing (de-Mail), for which new legislation is expected in late 2010. In the field of Business Applications, we will 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. Our foreign business is also expected to drive further growth: in addition to our planned entry into the Polish market with the 1&1 brand in August, we will also be expanding into the South American market via the InterNetX brand. For our affilinet brand (a subsidiary of the listed company Sedo Holding AG), however, we expect to post lower sales in the second half of the year, in comparison with the previous year.

Forecast

In view of this successful start in the first half-year 2010, we confirm our forecasts and expect consolidated sales to grow by around 15% to a total of approximately € 1.9 billion. Despite further high expenses for our current DSL quality drive and further increased development and marketing costs in the following quarters for investments in new business fields and further foreign expansion, we currently expect EBITDA to remain at the record level of the previous year (without positive special items of 2009).

Financial Statements

Balance Sheet

as of June 30, 2010 in €k

	June 30, 2010	December 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	73,222	116,812
Accounts receivable and other assets	92,945	91,290
Inventories	13,911	14,061
Prepaid expenses	37,626	30,360
Other assets	16,759	48,336
	234,463	300,859
Non-current assets		
Shares in associated companies / joint ventures	106,058	126,628
Other financial assets	145,523	160,524
Property, plant and equipment	106,968	93,921
Intangible assets	213,982	228,341
Goodwill	406,873	398,926
Deferred tax asset	12,776	14,236
	992,180	1,022,576
Total assets	**1,226,643**	**1,323,435**

	June 30, 2010	December 31, 2009
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade accounts payable	183,154	193,197
Liabilities due to banks	120,063	51,462
Advance payments received	7,043	7,078
Accrued taxes	26,593	37,428
Deferred revenue	137,703	127,046
Other accrued liabilities	7,788	11,125
Other liabilities	65,542	61,874
	547,886	489,210
Non-current liabilities		
Convertible bonds	1	4
Liabilities due to banks	299,000	348,767
Deferred tax liabilities	24,956	23,051
Other liabilities	24,908	22,641
	348,865	394,463
Total liabilities	896,751	883,673
Equity		
Capital stock	240,000	240,000
Additional paid-in capital	41,806	39,971
Accumulated profit	274,717	285,546
Treasury stock	–234,404	–123,786
Revaluation reserves	11,241	12,717
Currency translation adjustment	–13,448	–24,326
Equity attributable to shareholders of the parent company	**319,912**	**430,122**
Minority interests	9,980	9,640
Total equity	**329,892**	**439,762**
Total liabilities and equity	**1,226,643**	**1,323,435**

Income Statement

from January 1 to June 30, 2010 in €k

	2010 January – June	2009[1] January – June
Sales	930,785	815,711
Cost of sales	–584,589	–507,922
Gross profit	**346,196**	**307,789**
Selling expenses	–141,725	–112,273
General administrative expenses	–44,998	–41,131
Other operating income / expenses	–7,502	2,391
Amortization of intangible assets resulting from company acquisitions	–9,764	–9,144
Operating result	**142,207**	**147,632**
Financial result	–9,062	–11,988
Results from associated companies	–15,891	–12,660
Pre-tax result	**117,254**	**122,984**
Income taxes	–40,452	–39,819
Net income before minority interests (from continued operations)	**76,802**	**83,165**
Result from discontinued operations	851	–196
Net income before minority interests (after discontinued operations)	**77,653**	**82,969**
Attributable to		
minority interests	482	223
shareholders of United Internet AG	77,171	82,746

	2010 January – June	2009[1] January – June
Result per share of shareholders of United Internet AG (in €)		
- basic	0.34	0.36
- diluted	0.34	0.36
thereof result per share (in €) - from continued operations		
- basic	0.34	0.36
- diluted	0.34	0.36
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	225.02	229.48
- diluted	226.89	229.81
Statement of comprehensive income		
Net income	77,653	82,969
Results directly included in equity		
- currency translation adjustment	10,878	8,797
- Market value changes of available-for-sale financial instruments after taxes	–1,476	9,731
	9,402	18,528
Total net income	**87,055**	**101,497**
Attributable to		
- minority interests	482	953
- shareholders of United Internet AG	86,573	100,544

[1] adjusted - see note 2 of the 6-month report 2010

Cash Flow

from January 1 to June 30, 2010 in €k

	2010 January – June	2009[1] January – June
Cash flow from operating activities		
Net income (from continued operations)	76,802	83,165
Net income (from discontinued operations)	851	–196
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization (from continued operations)		
Depreciation and amortization of intangible assets and property, plant and equipment	29,992	16,913
Amortization of intangible assets resulting from company acquisitions	9,764	9,144
Depreciation and amortization of intangible assets and property, plant and equipment (from discontinued operations)	0	166
Compensation expenses from employee stock option plans	2,842	2,056
Results of at-equity companies	15,891	12,660
Distributed profit of associated companies	983	0
Change in deferred taxes	3,366	4,690
Non-cash expenses / income	3,182	–2,382
Operative cash flow	**143,673**	**126,216**
Change in assets and liabilities		
Change in receivables and other assets	29,903	4,517
Change in inventories	150	7,080
Change in deferred expenses	–7,265	–1,390
Change in trade accounts payable	–10,125	–38,493
Change in advance payments received	–37	257
Change in other accrued liabilities	1,557	–281
Change in accrued taxes	–10,835	–4,806
Change in other liabilities	2,753	–3,702
Change in deferred income	7,025	1,247
Change in assets and liabilities, total	**13,126**	**–35,571**
Cash flow from operating activities	**156,799**	**90,645**

	2010 January – June	**2009**[1] January – June
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	–32,571	–17,996
Purchase of shares in affiliated companies less cash received	12	–32,817
Purchase of shares in associated companies / joint ventures	–904	–2,770
Repayment from deconsolidation of financial assets	13,774	727
Investments in other financial assets	–264	–121
Payments of loans granted	–9,775	0
Payments from disposal of assets	472	276
Refunding from shares in associated companies	9,254	4,365
Cash flow from investment activities	**–20,002**	**–48,336**
Cash flow from financing activities		
Capital increase	0	644
Purchase of treasury stock	–111,600	0
Change in bank liabilities	18,834	–49,837
Dividend payments	–88,000	0
Dividend payments to minority interests	–1,148	–151
Repayment from convertible bonds	–3	–2
Cash flow from financing activities	**–181,917**	**–49,346**
Net decrease in cash and cash equivalents	–45,120	–7,037
Cash and cash equivalents at beginning of fiscal year	116,812	55,372
Currency translation adjustments of cash and cash equivalents	1,530	1,515
Cash and cash equivalents at end of fiscal year	**73,222**	**49,850**

[1] Reclassifications were made to the cash flow statement of the previous year to account for disclosure changes in the income statement. There were no changes to cash flows. We refer to note 2 of the 6-month report 2010.

Changes in Shareholder's Equity

from January 1 to June 30, 2010

	Capital stock		Additional paid-in capital	Accumulated profit	Capital stock	
	Share	€k	€k	€k	Share	€k
Balance as of January 1, 2009	**251,469,184**	**251,469**	**163,896**	**5,619**	**22,000,000**	**–264,987**
Net income				82,746		
Other net income						
Total net income				**82,746**		
Exercise of conversion rights	156,472	157	526			
Employee stock ownership programme Sedo (AdLINK)			210			
Employee stock ownership programme United Internet			1,824			
Distribution of profits						
Balance as of June 30, 2009	**251,625,656**	**251,626**	**166,456**	**88,365**	**22,000,000**	**–264,987**
Balance as of January 1, 2010	**240,000,000**	**240,000**	**39,971**	**285,546**	**10,272,371**	**–123,786**
Net income				77,171		
Other net income						
Total net income				**77,171**		
Issue of treasury shares			–60		–81,525	982
Employee stock ownership programme Sedo (AdLINK)			95			
Employee stock ownership programme United Internet			1,800			
Change in amount of holdings					9,809,154	–111,600
Dividend payments				–88,000		
Distribution of profits						
Change in amount of holdings						
Balance as of June 30, 2010	**240,000,000**	**240,000**	**41,806**	**274,717**	**20,000,000**	**–234,404**

Revaluation reserves	Currency translation	Equity attributable to shareholders of the parent company	Minority interests	Total equity
€k	€k	€k	€k	€k
10,002	**–28,692**	**137,307**	**8,273**	**145,580**
		82,746	223	82,969
9,001	8,797	17,798	730	18,528
9,001	**8,797**	**100,544**	**953**	**101,497**
		683		683
		210	22	232
		1,824		1,824
		0	–151	–151
19,003	**–19,895**	**240,568**	**9,097**	**249,665**
12,717	**–24,326**	**430,122**	**9,640**	**439,762**
		77,171	482	77,653
–1,476	10,878	9,402		9,402
–1,476	**10,878**	**86,573**	**482**	**87,055**
		922		922
		95	25	120
		1,800		1,800
		–111,600		–111,600
		–88,000		–88,000
		0	–151	–151
		0	–16	–16
11,241	**–13,448**	**319,912**	**9,980**	**329,892**

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

The condensed consolidated interim report for the period from January 1, 2010 to June 30, 2010 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, 2009. With the exception of the new standards and interpretations described below, the accounting and valuation principles applied in the consolidated financial statements as of December 31, 2009 were adopted without change for the preparation of this consolidated interim report.

Mandatory adoption of new accounting standards

The initial mandatory application of IFRS 2 *Share-based Payment*, IFRIC 17 *Distributions of Non-cash Assets to Owners* and IFRIC 18 *Transfers of Assets from Customers* led to no effects or amendments with regard to the Group's reporting.

The initial mandatory application of the amended standards of the Annual Improvement Project 2009 ("AIP 2009") led to no significant changes.

The publication of IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* has had no impact on Group accounting.

Retrospective adjustments

On July 6, 2009, United Internet's subsidiary AdLINK Internet Media AG (now Sedo Holding AG) reached an agreement with Hi-media S. A., Paris, concerning the transfer of the AdLINK Group's Display Marketing business to the Hi-media Group. The contract was closed on August 31, 2009. With the sale of the Display Marketing business, the prior-year figures are to be adjusted according to IFRS 5. Sales revenues and expenses of the discontinued operation are no longer included in the respective line items. Net income after taxes of the discontinued operation is disclosed separately.

Changes in the reporting unit

During the course of the period under review, 1&1 Internet Sp. z o.o , Warsaw / Poland, was founded and AdLINK Internet Media AG was renamed as Sedo Holding AG.

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.

3. Investments and business combinations

Sedo GmbH holds 49% of shares in Intellectual Property Management Company Inc., domiciled in Dover, Delaware / USA. Until December 31, 2009 the company was carried as an associated company using the equity method. Sedo GmbH also owns a purchase option for a further 32% of shares which is exercisable as of January 1, 2010. According to IAS 27 *Consolidated and Separate Financial Statements*, the possibility to exercise the option already means that the company must be carried as a fully consolidated company in the consolidated financial statements as of fiscal year 2010. The Company has renounced the required disclosures according to IFRS 3 *Business Combinations*, as the full consolidation of the company is of minor significance for the validity of the consolidated financial statements.

The consolidated group remained otherwise unchanged from the consolidated financial statements as at December 31, 2009.

Explanations to the Income Statement

4. 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.

In order to fully exploit the identified growth business fields "Mobile Internet" and "Cloud Applications", a new segmentation for management and reporting purposes was introduced at the beginning of 2010. The former segments, "Products" and "Online Marketing" were discontinued. In the course of repositioning the United Internet Group, management and consolidated reporting will be undertaken via the segments "Access" and "Applications" from the reporting period 2010 onward. In order make reporting periods comparable, prior-year periods are presented in the new segmentation format.

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. Information on sales revenues is allocated to the country in which the company is domiciled.

Segment reporting of United Internet AG in the reporting period of 2010 was as is shown in the table on page 31.

Segment reporting of United Internet AG in the reporting period of 2009 was as is shown in the table on page 32.

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

Following the sale of the Display Marketing business of the AdLINK Internet Media AG (now Sedo Holding AG), the prior-year figures of the statement of comprehensive income were adjusted pursuant to IFRS 5 and now only contained continued operations. All figures refer to continued operations.

5. Personnel expenses

Personnel expenses amounted to € 97,370k (prior year: € 87,944k) in the reporting period of 2010. At the end of June 2010, United Internet employed a total of 4,724 people, of which 938 were employed outside Germany. The number of employees at the end of June 2009 amounted to 4,444, of which 841 were employed outside Germany.

January - June 2010	Access Segment €k	Applications Segment €k	Head Office/ Investments €k	Reconciliation €k	United Internet Group €k
Total revenues	602,916	330,605	1,987	–	–
- thereof internal revenues	671	2,411	1,641	–	–
External revenues	602,245	328,194	346	–	930,785
- thereof domestic	602,245	231,901	346	–	834,492
- thereof non-domestic	0	96,293	0	–	96,293
EBITDA	66,249	118,874	–3,160	0	181,963
EBIT	53,163	92,283	–3,239	0	142,207
Financial result			–8,296	–766	–9,062
Results from at-equity companies			–11,040	–4,851	–15,891
EBT			–22,575	139,829	117,254
Tax expense				–40,452	–40,452
Net income (from continued operations)					**76,802**
Results from discontinued operations				851	851
Net income (from discontinued operations)					**77,653**
Investments in intangible assets, property, plant and equipment	11,413	21,134	24	–	32,571
Amortization / depreciation	13,086	26,591	79	–	39,756
- thereof intangible assets, property, plant and equipment	13,086	16,827	79	–	29,992
- thereof intangible assets capitalized during company acquisitions	0	9,764	0	–	9,764
Number of employees	1,675	3,023	26	–	4,724
- thereof domestic	1,601	2,159	26	–	3,786
- thereof non-domestic	74	864	0	–	938

January - June 2009	Access Segment €k	Applications Segment €k	Head Office/ Investments €k	Reconciliation €k	United Internet Group €k
Total revenues	499,658	319,459	2,072	–	–
- thereof internal revenues	850	2,905	1,723	–	–
External revenues	498,808	316,554	349	–	815,711
- thereof domestic	498,808	230,893	349	–	730,050
- thereof non-domestic	0	85,661	0	–	85,661
EBITDA	57,121	111,199	5,369	0	173,689
EBIT	55,425	86,932	5,275	0	147,632
Financial result			–10,632	–1,357	–11,989
Results from at-equity companies			–10,713	–1,946	–12,659
EBT			–16,070	139,054	122,984
Tax expense				–39,819	–39,819
Net income (from continued operations)					**83,165**
Results from discontinued operations				–196	–196
Net income (from discontinued operations)					**82,969**
Investments in intangible assets, property, plant and equipment	7,119	10,841	36	–	17,996
Amortization / depreciation	1,696	24,267	94	–	26,057
- thereof intangible assets, property, plant and equipment	1,696	15,123	94	–	16,913
- thereof intangible assets capitalized during company acquisitions	0	9,144	0	–	9,144
Number of employees	1,528	2,892	24	–	4,444
- thereof domestic	1,490	2,089	24	–	3,603
- thereof non-domestic	38	803	0	–	841

6. Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 29,992k (prior year: € 16,913k). Of this increase, an amount of € 10,780k results from the scheduled depreciation of freenet AG's DSL customer base acquired in the 4th quarter of 2009.

Amortization of capitalized intangible assets resulting from business combinations amounted to € 9,764k (prior year: € 9,144k).

Total depreciation and amortization thus amounted to € 39,756k in the reporting period of 2010 (prior year: € 26,057k).

Explanations to the Balance Sheet

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

7. Shares in associated companies / joint ventures

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

	2010 €k
Carrying amount at the beginning of the fiscal year	126,628
Additions	904
Adjustments	
- Dividends	–983
- Shares in result	–15,891
- Other	4,727
Disposals	–9,327
	106,058

The addition to shares in associated companies results mainly from the European Founders Fund No. 1.

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

Other adjustments totaling € 4,880k refer to negative profit contributions of associated companies with an investment value of € 0k as well as negative profit contributions directly stated in the equity of associated companies amounting to € -153k. The negative profit contributions of associated companies with an investment value of € 0k are only considered if the associated companies were provided with long-term loans or if there are credit / liability commitments.

Disposals result from capital repayments of the European Founders Fund No. 1.

8. Other financial assets

The development of these shares was as follows:

	Jan. 1, 2010 €k	Additions €k	Recycling €k	Amortization of revaluation reserve not recognized in income: Addition €k	Disposal €k	June 30, 2010 €k
Goldbach shares	15,804			7,947		23,751
Hi-media shares	23,344			–2,747		20,597
Afilias shares	5,601					5,601
freenet shares	59,845			–6,545		53,300
Portfolio companies of EFF Nr. 3	36,559				–13,774	22,785
Hi-media (Vendor Loan)	12,195					12,195
Others	7,176	264			–146	7,294
	160,524	**264**	**0**	**–1,345**	**–13,920**	**145,523**

The change in other financial assets results mainly from the disposal of portfolio companies from European Funders Fund 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 decrease in the revaluation reserve without recognition in income.

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

A total of € 32,571k (prior year: € 17,996k) 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 € 406,873k consists solely of assets belonging to the Applications segment.

10. Liabilities due to banks

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 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 a partial amount of Tranche A amounting to € 50.0 million was repaid prematurely, so that the next contractual repayment will be on September 14, 2010. As of June 30, 2010, € 250.0 million have 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 which expires on September 13, 2012. As of June 30, 2010, € 20.0 million have been used from Tranche B.

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 AG amounting in total to € 55.0 million have been extended as agreed to 2011, or are available until further notice.

As of the balance sheet date, a further amount of € 180 million is also available until September 13, 2012 from the unutilized portion of the syndicated loan.

11. Other current liabilities

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

12. Other non-current liabilities

Non-current liabilities result mainly from minority interests of the partnerships EFF No. 2 and EFF No. 3, from the liability arising from interest hedging, and from the option agreement in connection with a put option from the purchase of remaining shares in united-domains AG.

13. Capital stock / Treasury shares

As of June 30, 2010, fully paid capital stock amounted to € 240,000,000 divided into 240,000,000 registered shares each having a theoretical share in the capital stock of € 1.

With the approval of the Supervisory Board, the Management Board has resolved to offer Group employees shares in the amount of € 360 per employee in fiscal year 2010. These shares were provided from the Company's own stock of treasury shares at the end of February 2010. The Xetra closing price on issuance amounted to € 11.31. A total of 81,525 shares were issued in the course of this program. The historic acquisition costs amounted to € 982k, the resulting personnel expense € 922k. Capital reserves decreased by € 60k – the amount of the difference between the fair value and the original acquisition costs of the treasury shares.

As of June 30, 2010, the Company held a total of 20.0 million treasury shares or 8.33% of current capital stock. The average acquisition cost per share amounted to € 11.72. Treasury shares reduce equity capital and are not en-titled to dividend payments.

The dividend payment for fiscal year 2009 amounting to € 88.0 million was made on June 4, 2010.

14. Revaluation reserve

The change in revaluation reserves resulted mainly from the subsequent valuation of shares in Goldbach, Hi-media and freenet. Profits and losses from subsequent valuation to fair value are recognized directly in equity capital at net value, i.e. less deferred taxes. Please see Note 8 for details.

Other items

15. 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 (AdLINK Internet Media AG)	
	SAR	Average strike price (€)	**SAR**	Average strike price (€)
Outstanding of December 31, 2009	7,978,000	8.71	470,000	12.27
Issued	20,000	11.33	40,000	4.21
Issued	400,000	9.73	–	–
Outstanding of June 30, 2010	8,398,000	8.76	510,000	11.64

16. 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, 2009.

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

	June 30, 2010
Management Board	
Ralph Dommermuth	92,000,000
Norbert Lang	576,128
Total	**92,576,128**
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 € 1,089k in the reporting period 2010 (prior year: € 901k).

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

As part of the cooperation with ProSiebenSat.1 Media AG, 1&1 Internet AG owns an interest in the joint venture maxdome GmbH & Co. KG. A further amount of € 9,975k was utilized of the partner loan granted to maxdome GmbH & Co. KG in the reporting period 2010.

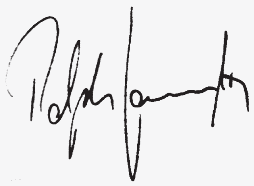
No further significant transactions took place.

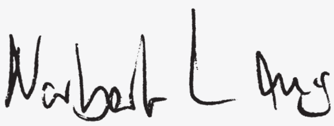
16. Subsequent events

In August 2010, United Internet Dialog GmbH, Montabaur, was founded and WEB.DE GmbH was renamed as 1&1 Mail & Media GmbH. As part of an asset deal, the e-mail service "Mail.com" and the respective customer relationships were acquired. Mail.com generates revenue via fee-based e-mail accounts and online advertising.

There were no other 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, August 27, 2010
United Internet AG





Ralph Dommermuth

Norbert Lang

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable interim reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining fiscal year.

Montabaur, August 27, 2010

The Management Board

Ralph Dommermuth

Norbert Lang

Income Statement

Quarterly development in € million

	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q2 2009
Sales	409.1	434.1	462.8	468.0	406.3
Cost of sales	-241.3	-267.4	-291.7	-292.9	-252.3
Gross profit	**167.8**	**166.7**	**171.1**	**175.1**	**154.0**
Selling expenses	-55.1	-60.4	-70.0	-71.7	-51.7
General administrative expenses	-23.6	-28.1	-22.4	-22.6	-21.6
Other operating income / expense	47.9	7.8	-3.2	-4.3	0.8
Amortization of intangible assets resulting from company acquisitions	-4.8	-5.2	-4.8	-5.0	-4.7
Operating result	**132.2**	**80.8**	**70.7**	**71.5**	**76.8**
Financial result	-3.7	-4.9	-6.1	-2.9	-3.0
Results from associated companies	-2.8	-0.7	0.0	0.0	0.0
Result from at-equity companies	-7.9	11.7	-7.5	-8.4	-7.6
Pre-tax result	**117.8**	**86.9**	**57.1**	**60.2**	**66.2**
Income taxes	-25.3	8.7	-18.6	-21.9	-21.3
Net income (from continued operations)	**92.5**	**95.6**	**38.5**	**38.3**	**44.9**
Result from discontinued operations	8.8	3.4	0.0	0.8	0.1
Net income (after discontinued operations)	**101.3**	**99.0**	**38.5**	**39.1**	**45.0**
Attributable to					
minority interests	1.8	1.2	0.2	0.3	0.1
shareholders of United Internet AG	99.5	97.9	38.3	38.8	44.9
Result per share of shareholders of United Internet AG (in €)					
- basic	0.43	0.43	0.17	0.17	0.20
- diluted	0.43	0.42	0.17	0.17	0.20
thereof result per share (in €) – from continued operations					
- basic	0.40	0.41	0.17	0.17	0.20
- diluted	0.40	0.40	0.17	0.17	0.20
thereof result per share (in €) – from discontinued operations					
- basic	0.03	0.02	0.00	0.00	0.00
- diluted	0.03	0.02	0.00	0.00	0.00

Financial Calendar

March 25, 2010	Annual financial statements for fiscal year 2009
March 25, 2010	Press and analyst's conference
May 12, 2010	Quarterly Report 2010
June 2, 2010	Annual Shareholder's Meeting in Frankfurt am Main, Alte Oper
August 27, 2010	6-Month Report 2010
August 27, 2010	Press and analyst's conference
November 11, 2010	9-Month Report 2010

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Registry court: Montabaur HRB 5762

This 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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