9-Month Report

2010

united internet

Selected key figures acc. to IFRS

(continued operations)

	Jan.-Sept. 2009	Jan.-Sept. 2009
Sales in € million	1,409.0	1,224.8
Earnings before interest, taxes depreciation and amortization (EBITDA) in € million	270.8	319.3[1]
EBITDA without special items in € million	270.8	269.1
Earnings before interest and taxes (EBIT) in € million	210.6	279.8[1]
EBIT without special items in € million	210.6	229.6
Employees at end of September	4,869	4,485
Share price at end of September (Xetra) in €	11.86	10.31
Earnings per share in €	0.53	0.76
EPS without special items in €	0.53	0.57

Quarterly development in € million

	Q4/2009	Q1/2010	Q2/2010	Q3/2010	Q3/2009
Sales	434.1	462.8	468.0	478.2	409.1
EBITDA	97.4[2]	90.3	91.7	88.8	145.6[1]
EBITDA without special items	87.0	90.3	91.7	88.8	95.4
EBIT	80.8[2]	70.7	71.5	68.4	132.2[1]
EBIT without special items	70.4	70.7	71.5	68.4	82.0

[1] EBITDA and EBIT Jan.-Sept. 2009 / Q3 2009 incl. positive special items of € 50.2 million from sale of shares

[2] EBITDA and EBIT Q4 2009 incl. positive special items of € 10.4 million from sale of shares

Content

Dear shareholders, employees and friends of United Internet,

The first nine months of fiscal year 2010 were a successful period for us. We were able to expand our customer figures and are well on track to achieving the targets we set for 2010. In the course of our current quality drive, we successfully implemented key improvement measures and significantly increased customer satisfaction as a whole. At the same time, we have laid the foundation for further growth in the growing fields of “Mobile Internet” and “Cloud Applications”, as well as for further international expansion.

In the first nine months of 2010, consolidated sales improved by 15.0% to € 1,409.0 million. Despite the expenses for our DSL quality drive and high start-up costs for new business fields – now totaling € 58.3 million – there was a slight year-on-year increase in earnings before interest, taxes, depreciation and amortization (EBITDA) to € 270.8 million (prior year: € 269.1 million – without special items of € 50.2 million from the sale of shares).

In the third quarter of 2010, we made a further significant increase in expenditure for the establishment and development of our new business fields – especially for the marketing of our Mobile Internet products and Do-it-Yourself Homepage. With total expenditure of € 39.1 million, we invested more than twice as much as in the first two quarters together. At the same time, we concluded negotiations on pre-service invoices we had queried. The resulting reimbursements for previous periods totaling € 19.3 million were used to partially refinance the aforementioned expenses in our new business fields.

In our “Access” segment, sales grew strongly by 21.2% to € 913.0 million in the first nine months of 2010. Despite a further significant increase in expenditure for our quality drive and the marketing launch of our Mobile Internet products, EBITDA was still slightly above the prior-year level at € 102.6 million (+0.3%), while EBIT was down 16.9% on the previous year to € 82.8 million as a result of scheduled depreciation of the acquired freenet customer base. The number of fee-based Access contracts grew by 50,000 in the period under review, from 3.50 million contracts as of December 31, 2009 to 3.55 million. Marketing focused above all on the growth fields Mobile Internet and complete DSL packages. Following the signing of an MVNO agreement (Mobile Virtual Network Operator) with Vodafone in March 2010 and the subsequent product development, we started the marketing of new products in our Mobile Internet business on July 1, 2010. Accompanied by an extensive TV, print and online marketing campaign, the launch was well received by the market. We added 80,000 new customer contracts in the third quarter, and thus increased our customer base to 170,000 in this field. We also achieved strong growth in complete DSL contracts (of particular importance for us), adding a further 390,000 customer relationships (200,000 in the third quarter alone). However, the number of customer relationships for those business models gradually being phased out (narrowband, T-DSL and R-DSL) continued to fall. A total of 420,000 customer relationships were lost or migrated to complete DSL packages (of which 230,000 in the third quarter). As part of our DSL quality drive, we implemented key measures such as process optimization, free hotlines and faster fault clearance times during the period under review and achieved a further significant increase in overall customer satisfaction.

We also invested heavily in customer growth in our second business segment, “Applications”, during the period under review. The number of fee-based contracts grew by 380,000 to 6.03 million in the first nine months of 2010. There was organic growth in the number of ad-financed accounts from 26.3 million to over 27.3 million. Sales growth in this segment was slowed, however, by the contract conversion of a major customer of Sedo’s subsidiary affilinet in late 2009. As a result, our listed subsidiary Sedo Holding AG posted a fall in sales of 20.4% in the period under review – whereas we enjoyed growth of 12.1% in the rest of the segment. Against this backdrop, total segment sales grew by just 5.2% to € 495.5 million. Despite high pre-launch costs for new applications and a further significant increase in marketing expenses, segment EBITDA and EBIT were raised by 6.3% to € 172.8 million and 5.3% to € 132.5 million, respectively. The main focus areas in the “Applications” segment during the first nine months included the development of our Online Office products launched in the second quarter, the further development of our Sector Homepage into a Do-it-Yourself Homepage – which is also being advertised on TV as of July 1, 2010 – and our entry into the Polish market on August 27.

In view of the successful course of business so far this year, we confirm our sales forecast for 2010. We continue to expect consolidated sales to grow by around 15% (to a total of approx. € 1.9 billion) and EBITDA to remain at the record level of the previous year (€ 356.1 million without positive special items).

United Internet will continue to pursue its policy of sustainable growth in 2011. In order to utilize our wide range of opportunities, we will once again invest heavily in new business fields in the coming year. In the “Access” segment, further growth is expected in the number of customer contracts, especially for products enabling mobile internet usage. In the “Applications” segment, the focus in 2011 will be on entering new foreign markets for our Business Applications. In the field of our Consumer Applications, we plan to drive the technical integration and subsequent expansion of our newly acquired Mail.com service. As Germany‘s leading email provider, we also intend to make a strong entry into the field of legally secure email communication. The respective legislative procedure for the German “De-Mail” system is expected to be completed in the first quarter of 2011. Despite the high costs associated with these projects for sustainable growth in customer subscriptions, initial planning indicates that EBITDA in 2011 will reach a similar level to that of the current year.

Montabaur, November 11, 2010

Ralph Dommermuth

Group management report for the first 9 months of 2010

Economic environment

Global economic recovery continues

The global economy continued its recovery in 2010. As a result, the International Monetary Fund (IMF) repeatedly upgraded its forecasts for 2010 during the year. In its bi-annual "World Economic Outlook", the Fund reported global economic growth of 4.7% for the first half of 2010. At the same time, the IMF's experts stated that global growth was slowing at the beginning of the second half and that growth of around 4.8% was expected for the year as a whole.

Global economic growth is being driven above all by the emerging and developing nations, especially in Asia. Growth is somewhat slower in the developed economies – the IMF expects growth of 2.7% for these nations in 2010. Of particular concern, according to the Fund, is the situation in the Euro zone, which is expected to lag behind the other industrialized nations with an estimated growth rate of 1.7%.

One of the few exceptions in Europe is the export-led German economy, which has proved to be the Euro zone's powerhouse so far in 2010. Based on its development in 2010 so far, the IMF believes the German economy can grow by 3.3% this year – significantly more than the 2.6% expected for the USA.

ICT sector mood at 10-year-high

The prevailing mood in the ICT sector has rarely been as good as at present. According to a survey of the high-tech industry association BITKOM, 78% of companies interviewed in the third quarter recorded increased sales. As a result, the BITKOM index climbed from 48 to 67 points and has thus reached the highest level since its introduction in 2001. According to the survey, demand in the ICT sector has grown strongly again since the beginning of the year: 74% of all companies now expect higher order income than in the previous year. Due to the positive development of business, 79% of companies (previously 71%) now expect sales growth in 2010 as a whole.

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

Slower growth in broadband market

As expected, the development of demand for new (stationary) broadband connections has slowed since 2008. In its annual report published in March 2010, the German Federal Network Agency reported a further decline in the number of new connections to around 2.4 million in 2009 – compared to 3.1 million in 2008 and 4.6 million in 2007 – and expects the trend to continue in 2010. This has been confirmed by figures published so far this year by DSL suppliers operating in Germany, whose internal calculations indicate growth of around 630,000 connections in the first half of 2010.

Strong growth in the mobile internet market

The market for mobile broadband connections (Mobile Internet), however, is growing much more dynamically than for fixed-line broadband connections. 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). A trend which continues to be strong in 2010. According to a survey by the UK market research agency Canalys, global sales of smartphones grew by 64% to around 63 million handsets in the second quarter of 2010 alone. The high-tech sector association BITKOM therefore expects sales of smartphones in Germany to grow by 47% to 8.2 million handsets in 2010.

Cloud computing developing into billion-euro market

The cloud computing market is also growing fast. According to the latest Experton Group survey presented at the international "Cloud Computing Conference" in Cologne in early October, German revenues from cloud computing will already pass the billion-euro mark this year with growth of 48% to € 1.14 billion. Experts at the conference predicted that an increasing number of applications would be operated in future from online data centers, rather than the local PCs of private users or in-house corporate data centers.

Advertising market pulls out of crisis

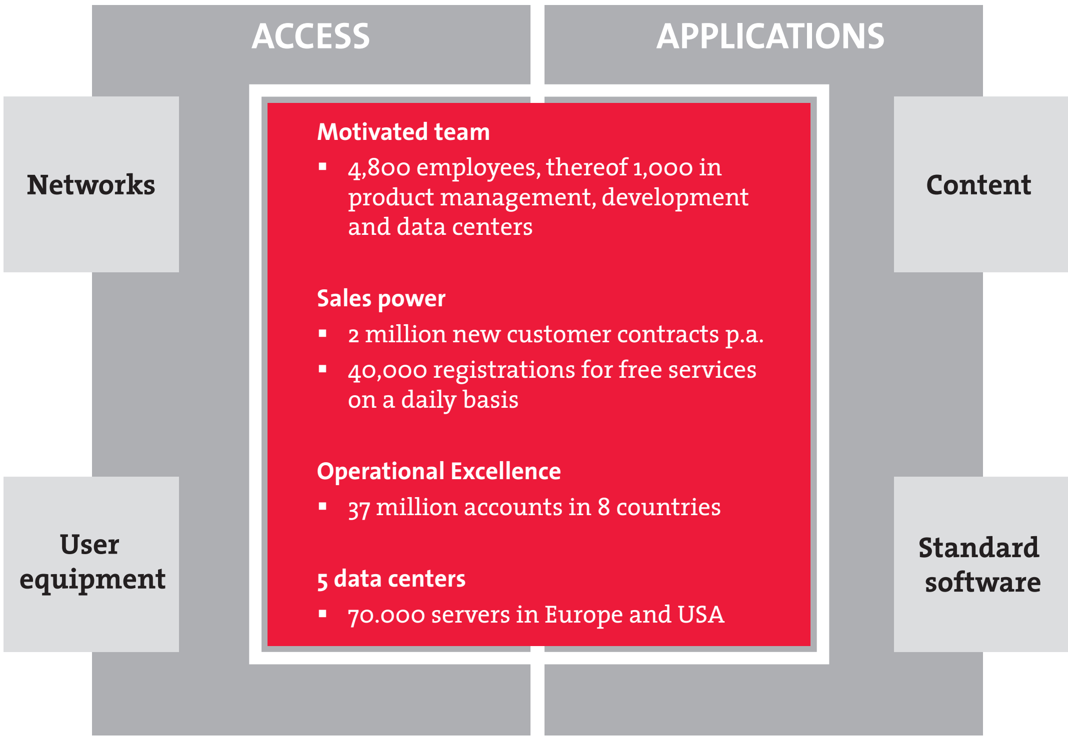
Advertising markets have recovered faster than expected from the crisis. In the second quarter of 2010, for example, many US-based car, retail and finance companies were investing heavily in advertising again. In Western Europe, the favorable transmission times of the FIFA World Cup for European time zones gave the advertising sector as a whole a much-needed boost. In view of the solid progress made so far this year, the media agency group ZenithOptimedia has upgraded the figures in its "Advertising Expenditure Forecast" and now predicts global growth in ad spending of 4.8% (previously 3.5%) in 2010. Growth in Western Europe and Germany is expected to reach 3.0% and 2.4%, respectively. According to ZenithOptimedia, the internet and TV survived the recession much better than other media and succeeded in expanding their share of total ad spending.

Business development of the Group

Overview of United Internet

United Internet AG is the leading European internet specialist with over 9.5 million fee-based customer contracts and more than 27 million ad-financed free accounts.

UNITED INTERNET – "INTERNET FACTORY"



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”.

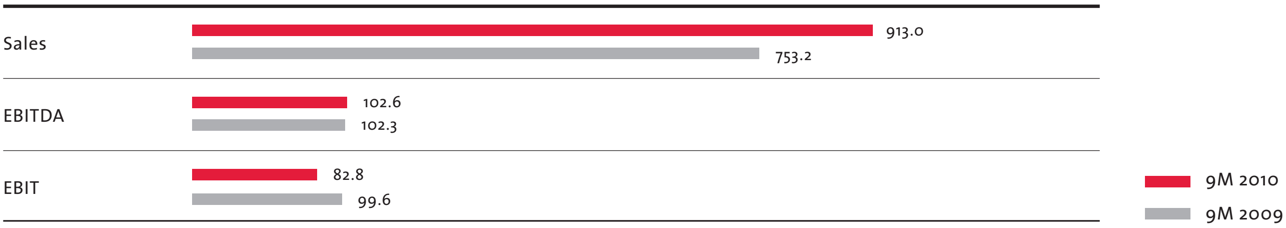
The “Access” segment comprises our fixed-line and mobile access products, including the corresponding applications. We operate in Germany in this segment, where we are among the top providers. We remain independent of network providers by purchasing standardized network services from various pre-service 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 while also targeting specific customer groups.

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.

Development of “Access” segment

In the “Access” segment, sales in the first nine months of 2010 grew strongly by 21.2%, from € 753.2 million to € 913.0 million. Despite high expenses for the current DSL quality drive and the marketing start of our new Mobile Internet products, EBITDA improved slightly by 0.3%, from € 102.3 million to € 102.6 million. However, EBIT fell by 16.9% from € 99.6 million last year to € 82.8 million, due to depreciation of € 16.2 million on freenet’s DSL customer base acquired in late 2009. The acquisition of freenet’s DSL 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 connections to complete packages (ULL) continue to be charged directly as expenses.

Financial figures for “Access” segment in € million



Quarterly development in € million

	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q3 2009
Sales	273.5	300.8	301.4	310.8	254.4
EBITDA	21.8	31.7	34.5	36.4	45.2
EBIT	18.7	25.2	28.0	29.6	44.2

Thanks to the successful launch of our Mobile Internet products and the continued growth in complete DSL packages, the number of fee-based Access contracts grew in total by 50,000 contracts (from 3.50 million contracts as of December 31, 2009 to 3.55 million as of September 30, 2010). Following the signing of an MVNO agreement (Mobile Virtual Network Operator) with Vodafone in March 2010 and the subsequent product development, we started the marketing of new products in our Mobile Internet business on July 1, 2010. Accompanied by an extensive TV, print and online marketing campaign, the launch was well received by the market. We added 80,000 new customer contracts in the third quarter and thus increased our customer base to 170,000 in this field. We also achieved strong growth in complete DSL contracts (of particular importance for us), adding a further 390,000 customer relationships (200,000 in the third quarter alone). However, the number of customer relationships for those business models gradually being phased out (narrowband, T-DSL and R-DSL) continued to fall. 420,000 customer relationships were lost or migrated to complete DSL packages in the last nine months (of which 230,000 in the third quarter). Following successful sales efforts in the first six months, we failed to achieve our sales targets in the third quarter and lost a net total of 30,000 DSL contracts. The main reason was the performance of our largest sales partner, who fell far short of his targets. As part of our DSL quality drive, we implemented key measures such as process optimization, free hotlines and faster fault clearance times during the period under review and achieved a further increase in customer satisfaction.

Development of customer contracts in the first nine months of 2010

"Access" customer contracts	Dec. 31, 2009	Sept. 30, 2010	Change
Access, total	3.50 million	3.55 million	+50,000
of which DSL complete (ULL)	1.82 million	2.21 million	+ 390,000
of which Mobile Internet	0.09 million	0.17 million	+ 80,000
of which narrowband / T-DSL / R-DSL	1.59 million	1.17 million	- 420,000

Development of customer contracts in the third quarter of 2010

"Access" customer contracts	June 30, 2010	Sept. 30, 2010	Change
Access, total	3.50 million	3.55 million	+50,000
of which DSL complete (ULL)	2.01 million	2.21 million	+ 200,000
of which Mobile Internet	0.09 million	0.17 million	+ 80,000
of which narrowband / T-DSL / R-DSL	1.40 million	1.17 million	-230,000

Product highlights in the first nine months of 2010

In the first nine months of 2010 we focused above all on new services relating to our DSL quality drive and the preparation and launch of our 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 the wishes of many customers 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** in the second quarter.

- On July 1, 2010, we began marketing our Mobile Internet tariffs and now offer the fully transparent tariffs **1&1 All-Net-Flat** and **1&1 Notebook-Flat** – with or without a fixed contractual period – for smartphones and laptops. The launch was accompanied by an extensive TV, print and online marketing introduction campaign.

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 (ULL), which we regard as essential for improving customer retention. Following a very successful start, we are targeting dynamic growth in the booming Mobile Internet market, where we will be heavily marketing our products in the year-end season.

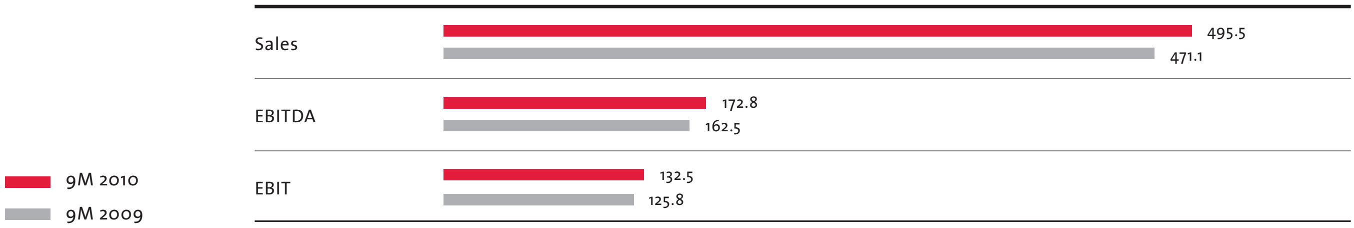
Development of "Applications"

We also invested heavily in customer growth in the "Applications" segment during the first nine months of 2010. The number of fee-based contracts grew by 380,000 to 6.03 million. Although the statistics were pruned of 40,000 contracts following a change in debt collection policy abroad in the third quarter, there was growth of 35,000 foreign contracts from the acquisition of the Mail.com brand. The number of ad-financed Applications accounts around the world grew from 26.3 million to over 27.3 million.

Sales growth in the Applications segment, however, has slowed since the contract conversion of a major customer of Sedo's subsidiary affilinet in late 2009. As a result, our listed subsidiary Sedo Holding AG posted a fall in sales of 20.4% in the first nine months of 2010 – whereas we enjoyed growth of 12.1% in the rest of the segment. Against this backdrop, total segment sales grew by just 5.2% from € 471.1 million to € 495.5 million. Despite high pre-launch costs for new applications and a significant increase in marketing expenses, EBITDA and EBIT in this segment grew by 6.3%, from € 162.5 million to € 172.8 million, and by 5.3% from € 125.8 million to € 132.5 million, respectively. Foreign business grew by 27.1% and accounted for € 147.4 million (prior year: € 116.0 million) of total segment sales.

We intend to drive international expansion In the field of our consumer applications. To this end, we acquired Mail.com in the third quarter of 2010. In addition to the portal, the acquisition also included the email customers of this internationally operating brand. In the important US market, we have not only secured the memorable international domain Mail.com, but also other attractive email domains such as email.com, post.com and usa.com. Following the acquisition and the integration process planned for later, users of Mail.com will benefit from the far more powerful GMX mail technology in place of their former service. The particular strength of the Mail.com domain is its generic character: the name is easy to remember and thus a globally attractive and also neutral alternative to supplier-oriented address endings, such as Hotmail, Yahoo or Google Mail. We believe this generic email domain gives us a unique opportunity to differentiate ourselves in the fiercely competitive international email market. The GMX technology will be migrated in the coming months. Until the migration process is finally completed, the operations of Mail.com will be continued by the former owner. During this time its result is carried as other operating income in United Internet's statement of comprehensive income. Although the 35,000 subscription-based contracts of Mail.com are already included in the United Internet Group's contract reporting, the ad-financed accounts will not be added until the migration to GMX technology and subsequent application of our internal assessment criteria have been completed.

Financial figures for "Applications" segment in € million



Quarterly development in € million

	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q3 2009
Sales	160.4	161.8	166.4	167.3	154.5
EBITDA	62.9	60.5	58.4	53.9	51.3
EBIT	49.6	47.4	44.9	40.2	38.8

Total growth in customer contracts of 380,000 to 6.03 million in the first nine months of 2010 resulted from growth of 200,000 new Business Applications contracts to 4.21 million and growth of 180,000 new Consumer Applications contracts to 1.82 million.

The number of Applications contracts abroad increased by 180,000 to 2.40 million contracts.

Development of customer contracts in the first nine months of 2010

"Applications" customer contracts	Dec. 31, 2009	Sept. 30, 2010[1]	Change
Total fee-based contracts	5.65 million	6.03 million	+380,000
of which "domestic"	3.43 million	3.63 million	+200,000
of which "foreign"	2.22 million	2.40 million	+180,000
Ad-financed accounts	26.3 million	27.3 million	+1,000,000

Development of customer contracts in the third quarter of 2010

"Applications" customer contracts	June 30, 2010	Sept. 30, 2010[1]	Change
Total fee-based contracts	5.94 million	6.03 million	+90,000
of which "domestic"	3.59 million	3.63 million	+40,000
of which "foreign"	2.35 million	2.40 million	+50,000
Ad-financed accounts	26.6 million	27.3 million	+700,000

[1] In the third quarter of 2010, the statistics were pruned of 40,000 foreign contracts (change in debt collection policy), while there was growth of 35,000 foreign contracts from the acquisition of the Mail.com brand.

Product highlights in the first nine months of 2010

In the first nine 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**, adding numerous new features, such as RSS feeds, a product catalogue with order and payment functions, as well as optimizing the search engine. In early July, the product became the first cloud application to be advertised on German TV.
- GMX and WEB.DE began taking pre-registrations for **De-Mail** on July 6, 2010. Following extensive preparations, GMX and WEB.DE users can now reserve their names for future use with De-Mail – without any commitment or cost. Once De-Mail legislation already approved by the German Federal Cabinet is introduced, the new De-Mail service will enable public authorities, companies and private persons to securely exchange electronic documents in a legally binding way. The launch is expected in the first quarter of 2011. As of September 30, 2010, we had already received around 500,000 pre-registrations.
- On August 27, 2010 we also launched our Applications business on the **Polish market**. Until the end of the year, private and commercial users can test our 1&1 hosting product for free and without any fixed contract period during the so-called pre-launch phase. Following this phase, only fee-based products will be offered. The product launch generated considerable press and media coverage in Poland. The test offer has also been very well received by Polish users. Within just one month, we received over 10,000 registrations.

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. Following our entry into the Polish market via the 1&1 brand, we will also launch operations in South America via the InterNetX brand in late 2010/early 2011.

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

Sales up 15% in the first nine months of 2010

United Internet can look back on a successful first nine months of 2010. Consolidated sales of United Internet AG grew by 15.0% in the period under review, from € 1,224.8 million in the previous year to € 1.409.0 million. Sales of the "Access" segment rose by 21.2%, from € 753.2 million last year to € 913.0 million. In the "Applications" segment, sales growth has slowed since the contract conversion of a major customer of Sedo's 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 20.4% in the first nine months of 2010 – whereas we enjoyed growth of 12.1% in the rest of the segment. Against this backdrop, total segment sales grew by just 5.2% from € 471.1 million to € 495.5 million.

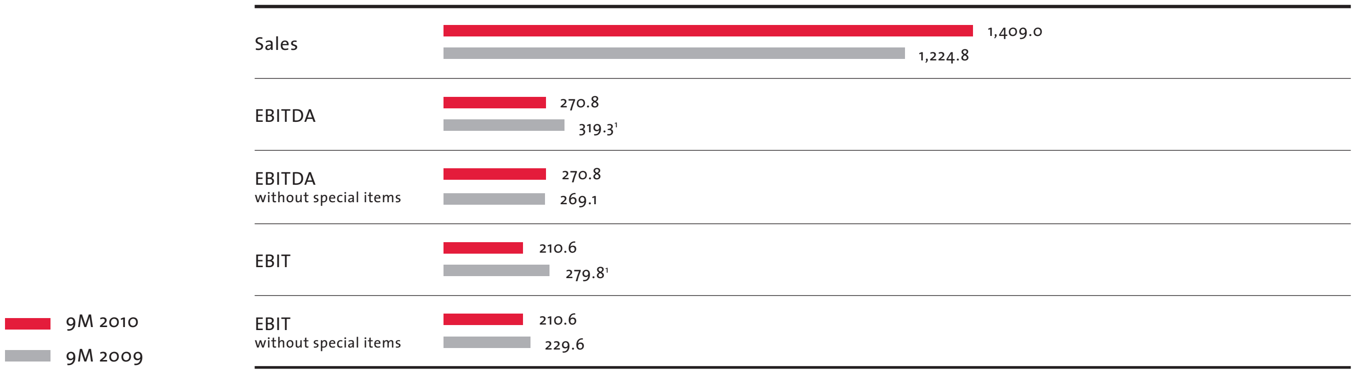
In the third quarter of 2010, we made a further significant increase in expenditure for the establishment and development of our new business fields – especially for the marketing of our Mobile Internet products and Do-it-Yourself Homepage. With total expenditure of € 39.1 million, we invested more than twice as much as in the first two quarters together (€ 8.7 million in Q1 and € 10.5 million in Q2). At the same time, we concluded negotiations on pre-service invoices we had queried. The resulting reimbursements for previous periods totaling € 19.3 million were used to partially refinance the aforementioned expenses in our new business fields.

Consolidated gross margin fell from 38.8% in the same period last year to 37.5%. The main reason were high expenses for our DSL quality drive, the strong growth of our complete DSL packages (ULL) and the recognition of increased hardware subsidies for our Mobile Internet products with a corresponding effect on earnings.

Due to scheduled write-downs on the acquired freenet DSL customer base, greatly increased total marketing expenditure and high pre-launch costs for new products, sales and marketing expenses grew from € 167.6 million (13.7% of sales) in the same period last year to € 227.0 million (16.1% of sales) in the reporting period. Administrative expenses rose more slowly than sales to € 67.9 million (4.8% of sales) in the period under review, compared to € 64.6 million (5.3% of sales) in the previous year.

Despite high expenses for our DSL quality drive and start-up costs in new business fields – now totaling € 58.3 million – earnings before interest, taxes, depreciation and amortization (EBITDA) improved by 0.6%, from € 269.1 million (comparable prior-year figure without positive special items of € 50.2 million from the sale of shares) to € 270.8 million. Due in particular to scheduled depreciation of € 16.2 million on the freenet DSL customer base acquired in late 2009, earnings before interest and taxes (EBIT) fell as expected by 8.3% to € 210.6 million (prior year: € 229.6 million).

Group financial figures in € million



Quarterly development in € million

	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q3 2009
Sales	434.1	462.8	468.0	478.2	409.1
EBITDA	97.4[2]	90.3	91.7	88.8	145.6[1]
EBITDA without special items	87.0	90.3	91.7	88.8	95.4
EBIT	80.8[2]	70.7	71.5	68.4	132.2[1]
EBITDA without special items	70.4	70.7	71.5	68.4	82.0

[1] EBITDA and EBIT Jan.-Sept. 2009 / Q3 2009 incl. positive special items of € 50.2 million.

[2] EBITDA and EBIT Q4 2009 incl. positive special items of € 10.4 million.

Operative cash flow improves to € 208.5 million

Due to the successful development of business, operative cash flow rose from € 193.8 million in the same period last year to € 208.5 million in the period under review.

Net cash flow from operating activities increased even more strongly from € 183.7 million to € 239.2 million.

In the first nine months of 2010, net cash flow for investing activities grew from € 39.0 million to € 53.8 million. The incoming side was dominated during the year so far by cash proceeds from the sale of investments from the EFF Fund amounting to € 29.6 million, while outgoings mainly comprised investments in intangible assets and property, plant and equipment amounting to € 70.1 million (of which € 20.7 million for the acquisition of Mail.com). In the previous year, net outgoings for investing activities were dominated by the acquisition of freenet's DSL customer base (pre-payment € 70.0 million) and the acquisition of united-domains AG (€ 32.8 million), while the incoming side was dominated by income of € 92.9 million from the partial sale of freenet shares.

Net cash outflows for financing activities in the first nine months of 2010 were dominated by a cash outflow of € 111.6 million for the purchase of treasury shares and 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 € 1.230.5 million as of September 30, 2010. Goodwill of the Applications segment remained virtually unchanged at € 403.8 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 € 71.9 million – despite the effect on liquidity of reducing other assets – while net bank liabilities rose slightly from € 283.4 million to € 297.4 million. Treasury shares held by United Internet AG amounted to 20,000,000 as at September 30, 2010 (compared to 10,272,371 as at December 31, 2009). After deduction of treasury shares, the Group's equity ratio amounted to 29.3% as at September 30, 2010 (following 33.2% as at December 31, 2009).

Share and dividend

The United Internet AG share closed on September 30, 2010 at € 11.86 and was thus 28.6% above the price on December 31, 2009 (€ 9.22). Our share therefore performed much better in 2010 than the DAX index (approx. +5%) and the comparative TecDAX index, which fell by around 4% in the first nine months.

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 in the previous year. The total dividend payment of € 88.0 million was made in June 2010.

Employees

At the end of September 2010, United Internet employed a total of 4,869 people (December 31, 2009: 4,571), of which 946 (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 nine 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 further share price performance of our listed investments, there may be (non-cash) burdens in our non-operating business from write-downs/impairment.

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

With the signing of an MVNO agreement in April 2010 and launch of our new Mobile Internet products 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 supplier. 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

On November 2, 2010, United Internet AG acquired around 30% of ProfitBricks, an innovative start-up in the field of cloud hosting. The investment enables United Internet to add a complementary segment to applications in its own cloud computing business with the brands 1&1, GMX, WEB.DE, Fasthosts and InterNetX and access new customers in this growth market. ProfitBricks was founded by former 1&1 Management Board members Andreas Gauger and Achim Weiss, two "hosting veterans" with over 15 years' experience in the telecommunications and webhosting sector. The company's objective is to develop innovative, powerful cloud applications and complex cloud-server infrastructures and thus high-performance, so-called infrastructure-as-a-service solutions (IaaS). The target group comprises mainly developers and internet providers who will be able to create and operate their own products and applications for end-users based on the ProfitBricks solutions. The products are currently being developed from scratch and are expected to be ready in spring 2011.

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

Opportunities and outlook

IMF forecasts further growth for global economy, despite risks

The global economy continued its recovery in the first nine months of 2010. The International Monetary Fund (IMF) therefore upgraded its forecasts several times during the year and now expects growth of around 4.8% for 2010 as a whole. The Fund predicts growth of 4.2% in 2011. Despite the expected further recovery of the global economy, the IMF has also warned of high downside risks due to the vulnerability of the banking system and the precarious state finances.

The IMF believes that global economic growth will continue to be driven above all by the emerging and developing nations. The forecast for the developed economies, however, is quite different. The IMF forecasts growth of 7.1% and 6.4% in the emerging and developing nations in 2010 and 2011, while the industrialized nations will grow by just 2.7% and 2.2%. The Fund is particularly critical of the situation in the Euro zone, which is expected to lag far behind the other industrialized nations with estimated growth rates of 1.7% in 2010 and 1.6% in 2011.

One of the few exceptions in Europe is the export-led German economy, which the IMF believes can grow by 3.3% in 2010 and 2.0% in 2011.

ICT sector also upbeat

The high-tech industry association BITKOM believes the ICT sector recovery will also continue. According to the association's latest survey, demand has grown strongly again since the beginning of the year: 79% of all companies (previously 71%) now expect sales growth in 2010 as a whole. Many companies are also recruiting new staff as a result of this encouraging development. 55% of ICT interviewed plan to create new jobs, while 29% aim to maintain their current headcount.

For the ICT market as a whole, the sector association forecasts that 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.

Broadband growth driven mainly by Mobile Internet

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. The high-tech association BITKOM therefore expects German sales of smartphones to grow by 47% to 8.2 million handsets in 2010. At the same time, mobile data service sales will increase by 8% to € 5.8 billion in 2010.

Broadband connections in Germany in million

	2009	2015e
Stationary broadband connections	24.9	36.0
Mobile broadband	7.7	41.0

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

Cloud computing developing into billion-euro market

Within just a few years, the use of cloud computing has developed into a billion-euro market of considerable political importance for the German economy as a whole. This was the conclusion of sector association BITKOM at the international “Cloud Computing Conference” in Cologne in early October. Experts predict that an increasing number of applications will be operated in future from online data centers, rather than the local PCs of private users or in-house corporate data centers. According to the latest Experton Group survey presented at the conference, German revenues from cloud computing will already pass the billion-euro mark this year with growth of 48% to € 1.14 billion. Annual growth is also expected to remain at an average of 48% in the coming years. In five years’ time, therefore, cloud technologies will account for around 10% of total IT expenditure in Germany.

Cloud computing revenues in Germany in € million

	2010e	2011e	2015e
Cloud services (SaaS, PaaS, IaaS)	548.4	930.3	4,775.2
Cloud integration & consulting	194.2	316.5	799.9
Cloud technology	399.8	671.4	2,587.6
Total	1,142.4	1,918.2	8,162.7

Source: Experton Group 2010

Online advertising market continues to make progress

As the recovery of the advertising markets continued to gain pace in 2010, media agency group ZenithOptimedia upgraded the estimates in its “Advertising Expenditure Forecast” four times in a row and now predicts global growth in ad spending of 4.8% in 2010. Growth in Western Europe is expected to reach 3.0%, while the German and North American advertising markets are expected to grow by 2.4%. According to ZenithOptimedia, the internet and TV survived the recession much better than other media and succeeded in expanding their share of total ad spending. Gross spending in Germany for internet advertising is expected to grow by 16.1% this year.

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	2010e
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 (ULL), 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 further growth from our successfully launched Mobile Internet campaign 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 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. Following the introduction of De-Mail legislation in spring next year, further growth is also expected from the new procedures for secure e-mailing (De-Mail). 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: following 1&1’s entry into the Polish market in August, we also plan to expand into the South American market via the InterNetX brand. For our listed subsidiary Sedo Holding AG, we expect sales to stabilize in the final quarter.

Forecast

In view of the successful course of business so far this year, we confirm our sales forecast for 2010. We continue to expect consolidated sales to grow by around 15% to a total of approx. € 1.9 billion and EBITDA to remain at the record level of the previous year (€ 356.1 million without positive special items).

United Internet will continue to pursue its policy of sustainable growth in 2011. In order to utilize our wide range of opportunities, we will once again invest heavily in new business fields in the coming year. In the “Access” segment, further growth is expected in the number of customer contracts, especially for products enabling mobile internet usage. In the “Applications” segment, the focus in 2011 will be on entering new foreign markets for our Business Applications. In the field of our Consumer Applications, we plan to drive the technical integration and subsequent expansion of our newly acquired Mail.com service. As Germany‘s leading email provider, we also intend to make a strong entry into the field of legally secure email communication. The respective legislative procedure for the German “De-Mail” system is expected to be completed in the first quarter of 2011. Despite the high costs associated with these projects for sustainable growth in customer subscriptions, initial planning indicates that EBITDA in 2011 will reach a similar level to that of the current year.

Financial Statements

Balance Sheet

as of September 30, 2010 in €k

	September 30, 2010	Dezember 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	71,902	116,812
Accounts receivable and other assets	91,443	91,290
Inventories	18,826	14,061
Prepaid expenses	38,096	30,360
Other assets	20,092	48,336
	240,359	300,859
Non-current assets		
Shares in associated companies / joint ventures	100,182	126,628
Other financial assets	139,766	160,524
Property, plant and equipment	109,306	93,921
Intangible assets	224,503	228,341
Goodwill	403,809	398,926
Deferred tax asset	12,556	14,236
	990,122	1,022,576
Total assets	**1,230,481**	**1,323,435**

	September 30, 2010	Dezember 31, 2009
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade accounts payable	194,869	193,197
Liabilities due to banks	198,198	51,462
Advance payments received	7,041	7,078
Accrued taxes	32,421	37,428
Deferred revenue	138,740	127,046
Other accrued liabilities	8,437	11,125
Other liabilities	70,843	61,874
	650,549	489,210
Non-current liabilities		
Convertible bonds	0	4
Liabilities due to banks	171,116	348,767
Deferred tax liabilities	24,737	23,051
Other liabilities	23,908	22,641
	219,761	394,463
Total liabilities	**870,310**	**883,673**
Equity		
Capital stock	240,000	240,000
Additional paid-in capital	42,782	39,971
Accumulated profit	315,503	285,546
Treasury stock	–234,404	–123,786
Revaluation reserves	7,550	12,717
Currency translation adjustment	–21,414	–24,326
Equity attributable to shareholders of the parent company	**350,017**	**430,122**
Minority interests	10,154	9,640
Total equity	**360,171**	**439,762**
Total liabilities and equity	**1,230,481**	**1,323,435**

Income Statement

from January 1 to September 30, 2010 in €k

	2010 January – September	2009 January – September
Sales	1,409,019	1,224,810
Cost of sales	–881,285	–749,174
Gross profit	**527,734**	**475,636**
Selling expenses	–227,027	–167,645
General administrative expenses	–67,898	–64,591
Other operating income / expenses	–7,468	50,333
Amortization of intangible assets resulting from company acquisitions	–14,740	–13,927
Operating result	**210,601**	**279,806**
Financial result	–9,212	–15,576
Amortization of investments	0	–2,851
Results from associated companies	–19,806	–20,588
Pre-tax result	**181,583**	**240,791**
Income taxes	–64,031	–65,221
Net income before minority interests (from continued operations)	**117,552**	**175,570**
Results after tax from discontinued operations	1,000	8,640
Net income before minority interests (after discontinued operations)	**118,552**	**184,210**
Attributable to		
minority interests	595	1,980
shareholders of United Internet AG	117,957	182,230

	2010 January – September	2009 January – September
Result per share of shareholders of United Internet AG (in €)		
- basic	0.53	0.79
- diluted	0.52	0.79
thereof result per share (in €) – from continued operations		
- basic	0.53	0.76
- diluted	0.52	0.76
thereof result per share (in €) – from discontinued operations		
- basic	0.00	0.03
- diluted	0.00	0.03
Weighted average shares (in Million units)		
- basic	223.35	229.53
- diluted	225.34	230.11
Statement of comprehensive income		
Net income	118,552	184,210
Results directly included in equity		
- currency translation adjustment	2,954	2,193
- Market value changes of available-for-sale financial instruments after taxes financial instruments after taxes	–5,167	26,982
	–2,213	29,175
Total net income	**116,339**	**213,385**
Attributable to		
- minority interests	637	3,070
- shareholders of United Internet AG	**115,702**	**210,315**

Cash Flow

from January 1 to September 30, 2010 in €k

	2010 January – September	2009 January – September
Cash flow from operating activities		
Net income (from continued operations)	117,552	175,570
Net income (from discontinued operations)	1,000	8,640
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization		
Depreciation and amortization of intangible assets and property, plant and equipment	45,446	25,587
Amortization of intangible assets resulting from company acquisitions	14,740	13,927
Amortization of other finacial assets	0	2,851
Compensation expenses from employee stock option plans	3,831	3,239
Results of at-equity companies	19,806	20,588
Distributed profit of associated companies	983	0
Income from deconsolidation of affiliated companies	0	–50,228
Income from deconsolidation of the Display Marketing business	0	–10,217
Change in deferred taxes	3,366	4,692
Non-cash expenses / income	1,813	–833
Operative cash flow	**208,537**	**193,816**
Change in assets and liabilities		
Change in receivables and other assets	28,217	11,066
Change in inventories	–4,764	5,865
Change in deferred expenses	–7,735	–111
Change in trade accounts payable	1,589	–16,807
Change in advance payments received	–39	375
Change in other accrued liabilities	1,969	1,829
Change in accrued taxes	–5,008	–14,224
Change in other liabilities	7,327	1,421
Change in deferred income	9,070	479
Change in assets and liabilities, total	**30,626**	**–10,107**
Cash flow from operating activities	**239,163**	**183,709**

	2010 January – September	2009 January – September
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	–49,929	–28,225
Advance payments for intangible assets	0	–70,000
Purchase of intangible assets by other business units	–20,207	0
Purchase of shares in affiliated companies less cash received	12	–33,082
Purchase of further shares in affiliated companies	–465	0
Purchase of shares in associated companies / joint ventures	–1,170	–3,757
Payments from deconsolidation of financial assets	15,567	1,414
Investments in other financial assets	–135	–229
Repayments of loans granted	83	0
Payments of loans granted	–12,088	–2,200
Reductions from the disposal of the Display Marketing business	0	–1,154
Payments from disposal of assets	538	527
Payments from the deconsolidation of associated companies	0	92,869
Refunding from shares in associated companies	14,034	4,865
Cash flow from investment activities	**–53,760**	**–38,972**
Cash flow from financing activities		
Capital increase	0	644
Purchase of treasury stock	–111,600	0
Change in bank liabilities	–30,915	–94,760
Dividend payments	–88,000	0
Dividend payments to minority interests	–1,148	–151
Repayment from convertible bonds	–4	–2
Cash flow from financing activities	**–231,667**	**–94,269**
Net increase/decrease in cash and cash equivalents	–46,264	50,468
Cash and cash equivalents at beginning of fiscal year	116,812	55,372
Currency translation adjustments of cash and cash equivalents	1,354	372
Cash and cash equivalents at end of fiscal year	**71,902**	**106,212**

Changes in Shareholder's Equity

from January 1 to September 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				182,230			
Other net income							
Total net income				**182,230**			
Exercise of conversion rights	156,472	157	526				
Employee stock ownership programme Sedo (AdLINK)			11				
Employee stock ownership programme United Internet			2,935				
Distribution of profits							
Balance as of September 30, 2009	**251,625,656**	**251,626**	**167,368**	**187,849**	**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				117,957			
Other net income							
Total net income				**117,957**			
Issue of treasury shares			-60		-81,525	982	
Employee stock ownership programme Sedo (AdLINK)			142				
Employee stock ownership programme United Internet			2,729				
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 September 30, 2010	**240,000,000**	**240,000**	**42,782**	**315,503**	**20,000,000**	**-234,404**	

	Revaluation reserve	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**
			182,230	1,980	184,210
	25,892	2,193	28,085	1,090	29,175
	25,892	**2,193**	**210,315**	**3,070**	**213,385**
			683		683
			11	28	39
			2,935		2,935
			0	–151	–151
	35,894	**–26,499**	**351,251**	**11,220**	**362,471**
	12,717	**–24,326**	**430,122**	**9,640**	**439,762**
			117,957	595	118,552
	–5,167	2,912	–2,255	42	–2,213
	–5,167	**2,912**	**115,702**	**637**	**116,339**
			922		922
			142	38	180
			2,729		2,729
			–111,600		–111,600
			–88,000		–88,000
			0	–151	–151
			0	–10	–10
	7,550	**–21,414**	**350,017**	**10,154**	**360,171**

Notes

1. Information on the company

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

2. Significant accounting, valuation and consolidation principles

As was the case with the consolidated financial statements as of December 31, 2009, the interim report of United Internet AG as of September 30, 2010 complies with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and adopted by the EU.

The condensed consolidated interim report for the period from January 1, 2010 to September 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

In January 2008, the IASB issued the revised standards IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements*. The standards are the result of the second phase of the project undertaken jointly with the Financial Accounting Standards Board (FASB) to reform the accounting for business combinations. The revised IFRS 3 and IAS 27 were endorsed by the European Union in June 2009. United Internet AG has been applying the revised standards prospectively for transactions and business combinations since January 1, 2010.

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.

Changes in the reporting unit

During the course of the period under review, 1&1 Internet Sp. z o.o , Warsaw / Poland, and United Internet Dialog GmbH, Montabaur, were founded. AdLINK Internet Media AG was renamed as Sedo Holding AG and the company's registered office was relocated from Montabaur to Cologne. GMX GmbH and GMX Internet Services GmbH were merged into WEB.DE GmbH – today 1&1 Mail & Media GmbH. Goldbach Media AG was renamed as Goldbach Group AG.

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.

3. Investments and business combinations

In a contract dated July 19, 2010, GMX Internet Services Inc. acquired the operating activities of mail.com by means of an asset deal. This involved purchasing the main components required to continue the business operations of mail.com.

On the date of transfer, the acquired assets were already capable of generating income themselves or could be made capable of such with the aid of freely available additions. In the course of the transaction, service contracts were also concluded which enable mail.com to migrate to the company's own technical platform, without restricting the provision of service. The acquisition of operations was thus classified as a business combination.

The purchase price of € 20,207k was settled fully in cash during the period under review. At the same time, the sellers were granted an additional purchase price as part of a so-called earn-out agreement. The size of this additional purchase price depends on the attainment of clearly defined success factors.

The transaction mainly involved the transfer of intangible assets. No comparison of fair value has thus been made. No employees or debts were transferred.

The preliminary fair values of the identifiable assets as of the acquisition date were as follows:

	€k
Cash disbursement	20,207
Earn-out agreement	1,102
Purchase price	**21,309**

	€k
Trademark	20,087
Customer base	513
Service agreements	249
	20,849
Goodwill	460
Acquisition costs	**21,309**

Goodwill of € 460k results from synergies expected to accrue from the acquisition of business operations.

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 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 of items in the statement of comprehensive income

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.

January – September 2010	**Access Segment €k**	**Applications Segment €k**	**Head Office/ Investments €k**	**Reconciliation €k**	**United Internet Group €k**
Total revenues	914,232	498,545	2,766	–	–
- thereof internal revenues	1,189	3,058	2,277	–	–
External revenues	913,043	495,487	489	–	1,409,019
- thereof domestic	913,043	348,047	489	–	1,261,579
- thereof non-domestic	0	147,440	0	–	147,440
EBITDA	102,562	172,805	–4,580	0	270,787
EBIT	82,782	132,515	–4,696	0	210,601
Financial result			–8,517	–695	–9,212
Results from at-equity companies			–12,420	–7,386	–19,806
EBT			–25,633	207,216	181,583
Tax expense				–64,031	–64,031
Net income (from continued operations)					**117,552**
Results from discontinued operations				1,000	1,000
Net income (after discontinued operations)					**118,552**
Investments in intangible assets, property, plant and equipment	11,538	38,366	25	–	49,929
Amortization / depreciation	19,780	40,290	116	–	60,186
- thereof intangible assets, property, plant and equipment	19,780	25,550	116	–	45,446
- thereof intangible assets capitalized during company acquisitions	0	14,740	0	–	14,740
Number of employees	1,753	3,090	26	–	4,869
- thereof domestic	1,675	2,222	26	–	3,923
- thereof non-domestic	78	868	0	–	946

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.

January – September 2009

	Access Segment €k	Applications Segment €k	Head Office/ Investments €k	Reconciliation €k	United Internet Group €k
Total revenues	754,549	475,170	3,113	–	–
- thereof internal revenues	1,374	4,061	2,587	–	–
External revenues	753,175	471,109	526	–	1,224,810
- thereof domestic	753,175	355,136	526	–	1,108,837
- thereof non-domestic	0	115,973	0	–	115,973
EBITDA	102,344	162,450	54,526	0	319,320
EBIT	99,648	125,752	54,406	0	279,806
Financial result			–14,063	–1,513	–15,576
Amortization of investments			–2,851	0	–2,851
Results from at-equity companies			–18,005	–2,583	–20,588
EBT			19,487	221,304	240,791
Tax expense				–65,221	–65,221
Net income (from continued operations)					**175,570**
Results from discontinued operations				8,640	8,640
Net income (from discontinued operations)					**184,210**
Investments in intangible assets, property, plant and equipment	11,960	16,228	37	–	28,225
Amortization / depreciation	2,696	36,698	120	–	39,514
- thereof intangible assets, property, plant and equipment	2,696	22,771	120	–	25,587
- thereof intangible assets capitalized during company acquisitions	0	13,927	0	–	13,927
Number of employees	1,560	2,901	24	–	4,485
- thereof domestic	1,521	2,092	24	–	3,637
- thereof non-domestic	39	809	0	–	848

Segment reporting of United Internet AG in the reporting period of 2010 was as shown in the table on page 33.

Segment reporting of United Internet AG in the reporting period of 2009 was as shown in the table on page 34.

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

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 its Display Marketing business to the Hi-media Group. The contract was closed on August 31, 2009. Earnings after tax of the discontinued operation are disclosed separately. All figures refer to continued operations.

5. Personnel expenses

Personnel expenses amounted to € 148,445k (prior year: € 134,118k) in the reporting period of 2010. At the end of September 2010, United Internet employed a total of 4,869 people, of which 946 were employed outside Germany. The number of employees at the end of September 2009 amounted to 4,485, of which 848 were employed outside Germany.

6. Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 45,446k (prior year: € 25,587k). Of this increase, an amount of € 16,203k results mainly 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 € 14,740k (prior year: € 13,927k).

Total depreciation and amortization thus amounted to € 60,186k in the reporting period of 2010 (prior year: € 39,514k).

Explanations of balance sheet items

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

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	1,170
Adjustments	
- Dividends	–983
- Shares in result	–19,806
- Others	7,280
Disposals	–14,107
	100,182

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 € 7,431k 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 € -151k. 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	Amortization of revaluation reserve not recognized in income Recycling €k	Addition €k	Disposal €k	Sept. 30, 2010 €k
Goldbach shares	15,804			7,873		23,677
Hi-media shares	23,344			–8,144		15,200
Afilias shares	5,601					5,601
freenet shares	59,845			–4,823		55,022
Portfolio-companies of EFF Nr. 3	36,559				–15,567	20,992
Hi-media (Vendor Loan)	12,195					12,195
Others	7,176	135			–232	7,079
	160,524	**135**	**0**	**–5,094**	**–15,799**	**139,766**

The change in other financial assets results mainly from the disposal of portfolio companies from European Fonders 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 € 70,778k (prior year: € 28,225k) was invested in property, plant and equipment and intangible assets during the interim reporting period. In addition to the expansion of infrastructure and the data centers, investments focused mainly on the acquisition of mail.com amounting to € 20,849k.

Goodwill of € 403,809 k 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 the first partial amount of Tranche A amounting to € 50.0 million was repaid prematurely. The second contractual repayment of € 50.0 million was made in the third quarter of 2010. As of September 30, 2010, € 200.0 million have thus been used from Tranche A, of which € 100.0 million is disclosed under current liabilities due to banks. Tranche B is a revolving syndicated loan expiring on September 13, 2012, which had not been used as of September 30, 2010.

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 to 2011, or are available until further notice.

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 European Founder Funds No. 2 and 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 September 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 September 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	
	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	–	–
Issued	400,000	8,96		
Expired	-300,000	11,30	-10,000	15,51
Outstanding of September 30, 2010	8,498,000	8,68	500,000	11,56

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:

Share holdings (in units)	September 30, 2010
Management Board	
Ralph Dommermuth	92,000,000
Norbert Lang	576,128
Gesamt	**92,576,128**
Supervisory Board	
Kurt Dobitsch	–
Kai-Uwe Ricke	–
Michael Scheeren	700,000
Total	**700,000**

On October 1, 2010, Mr. Norbert Lang sold 250,000 shares of United Internet AG at a price of € 11.85 per share via NBL Vermögensverwaltung GmbH & Co. KG. The total volume amounted to € 2,963k. Of the total shares sold, 173,700 are attributable to Mr. Norbert Lang.

United Internet's premises in Montabaur are leased from Mr. Ralph Dommermuth. The resulting rent expenses are customary and amounted to € 1,684k in the reporting period 2010 (prior year: € 1,378k).

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

No significant transactions took place.

17. Subsequent events

In a contract dated November 2, 2010, United Internet Beteiligungen GmbH acquired a 30% stake in ProfitBricks GmbH, Berlin. The share purchase was made as part of a capital increase.

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, November 11, 2010

The Management Board

Ralph Dommermuth

Norbert Lang

Income Statement

Quarterly development in € million

	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q3 2009
Sales	434.1	462.8	468.0	478.2	409.1
Cost of sales	–267.4	–291.7	–292.9	–296.7	–241.3
Gross profit	**166.7**	**171.1**	**175.1**	**181.5**	**167.8**
Selling expenses	–60.4	–70.0	–71.7	–85.3	–55.1
General administrative expenses	–28.1	–22.4	–22.6	–22.9	–23.6
Other operating income / expenses	7.8	–3.2	–4.3	0.0	47.9
Amortization of intangible assets resulting from company acquisitions	–5.2	–4.8	–5.0	–4.9	–4.8
Operating result	**80.8**	**70.7**	**71.5**	**68.4**	**132.2**
Financial result	–4.9	–6.1	–2.9	–0.2	–3.7
Amortization of investments	–0.7	0	0	0	–2.8
Results from associated companies	11.7	–7.5	–8.4	–3.9	–7.9
Pre-tax result	**86.9**	**57.1**	**60.2**	**64.3**	**117.8**
Income taxes	8.7	–18.6	–21.9	–23.5	–25.3
Net income before minority interests (from continued operations)	**95.6**	**38.5**	**38.3**	**40.8**	**92.5**
Result from discontinued operations	3.4	0.0	0.8	0.2	8.8
Net income before minority interests (after discontinued operations)	**99.0**	**38.5**	**39.1**	**41.0**	**101.3**
Attributable to					
minority interests	1.2	0.2	0.3	0.1	1.8
shareholders of United Internet AG	97.9	38.3	38.8	40.9	99.5
Result per share of shareholders of United Internet AG (in €)					
- basic	0.43	0.17	0.17	0.19	0.43
- diluted	0.42	0.17	0.17	0.18	0.43
thereof result per share (in €) - from continued operations					
- basic	0.41	0.17	0.17	0.19	0.40
- diluted	0.40	0.17	0.17	0.18	0.40
thereof result per share (in €) - from discontinued operations					
- basic	0.02	0.00	0.00	0.00	0.03
- diluted	0.02	0.00	0.00	0.00	0.03

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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