

3-Month Report

2008



Dear shareholders, employees and friends of United Internet!



United Internet AG made a successful start to its fiscal year 2008. In comparison with the same period last year, we achieved strong growth in both sales and earnings. In the first quarter of 2008, consolidated sales of United Internet AG grew by 19.3%, from € 336.9 million to € 402.0 million. Pre-tax earnings (EBT) grew by 29.3%, from EUR 50.1 million to EUR 64.8 million. Consolidated net income improved by 46.0%, from € 30.9 million (comparable prior-year figure) to € 45.1 million.

In our dominant "Product" business segment, with the brands GMX, WEB.DE, 1&1, InterNetX and Fasthosts, sales grew by 20.0% over the previous year to € 344.9 million and EBT by 45.2% to € 64.9 million. Compared with March 31, 2007, the number of paying customer contracts increased by 910,000 to 7.46 million.

There was strong growth in all product lines: in Web-hosting we made particularly strong progress in our foreign markets with year-on-year growth in contracts of 330,000 to 1.63 million. Including Germany, we held a total of some 3.31 million webhosting contracts as of March 31, 2008 – an increase of 390,000 compared with March 31, 2007. In the field of Information Management, we posted year-on-year growth of 120,000 in new contracts to reach 1.24 million, and in DSL contracts we achieved growth of 420,000 to reach 2.78 million. In addition to the acquisition of new customers, the main focus of our DSL business was placed on raising customer loyalty and expanding business with our current client base. Compared with March 31, 2007, we were able to raise the number of telephony customers by 540,000 to 1.91 million. At the same time, the number of telephone minutes completed per month grew from 780 million to over 1 billion. The number of our own DSL connection customers also improved strongly by 510,000 to 2.48 million.

In the Online Marketing segment, our brands AdLINK Media and affilinet continued to benefit from the positive development of the online advertising market. In the high-margin Domain Marketing business (Sedo), sales and earnings were below budget and prior-year figures. In addition to the weak dollar, the main reason was a sudden change in policy and search algorithms by our most important partner in the field of search engines. Nevertheless, compared with the same period last year sales in this segment grew by 13.4% to € 55.8 million. However, pre-tax earnings fell by 23.2% to € 4.3 million.

With regard to consolidated sales and earnings, we can look back on the most successful first quarter in our company's history. We are also very optimistic for the remaining quarters of fiscal year 2008: with the aid of our all-inclusive DSL packages, we expect further strong and profitable growth. Thanks to our innovative products and growing markets, we also see further good growth opportunities for our international web-hosting business, our portals and our online marketing business. All in all, we expect growth of approx. 20% in sales, EBITDA and EPS.

Montabaur, May 9, 2008

Ralph Dommermuth
CEO

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Selected key figures acc. to IFRS

(continued operations)

		Jan.-March 2008	Jan.-March 2007
Sales	€ million	402.0	336.9
Earnings before interest, taxes depreciation and amortization (EBITDA)	€ million	83.2	63.4
Earnings before taxes (EBT)	€ million	64.8	50.1
Net income	€ million	45.1	30.9
Employees	number	4,097	3,430
Share price as of end of March (Xetra)	€	13.63	14.55
Earnings per share	€	0.19	0.13

Quarterly development	Q2/2007 € million	Q3/2007 € million	Q4/2007 € million	Q1/2008 € million	Q1/2007 € million
Sales	361.1	375.1	414.3	402.0	336.9
EBITDA	95.5	76.6	73.3	83.2	63.4
EBT	71.8	60.1	52.5	64.8	50.1
Net income	46.8	37.6	40.1	45.1	30.9

Management report for the first quarter of 2008

Economic environment

Slowdown in global economic growth

According to a forecast of the International Monetary Fund, the downturn in the global economy will also affect Germany and lead to slower growth. In its spring report on the development of the global economy, presented in Washington, the IMF's experts made a downward adjustment to their growth forecast for Germany and now predict growth of 1.4% in 2008 — following a forecast of 1.5% in February. The adjusted forecast for the USA was even more dramatic: the IMF expects just 0.5% growth for 2008. The IMF regards the financial crisis brought about by the US real estate market as the main brake on growth, followed by high energy prices and — for the Euro zone — the export-hindering strength of the Euro. The IMF reduced its 2008 forecast for the global economy as a whole by half a percentage point to 3.7%.

ITC markets continue to grow

Despite the modest outlook for the global economy, the German high-tech industry remains confident for business in 2008. 73% of companies expect rising sales in Germany, while 17% expect stable and just 10% falling revenues. This was the finding of a recent survey conducted by the German ITC sector association BITKOM.

The market researchers also forecast a positive development for those ITC markets of relevance for United Internet — DSL, webhosting and online advertising. According to calculations of Germany's Federal Network Agency, the German DSL market grew by around 30% to 18.7 million in 2007. The latest survey of "Germany Online" also expects this trend toward more broadband connections to continue in the medium term. The number of broadband connections is expected to reach 21 million by 2010 and over 29 million by 2015 — meaning that over 80% of all German households would then have broadband.

The international hosting market also continues to enjoy strong growth. According to calculations of RegistrarSTATS.com, the number of registered top-level domains around the world grew by 4.2 million in the first three months of 2008 alone to reach a total of 101.7 million — an increase of 4.1% over December 31, 2007. The German top-level domain ".de" is also

enjoying strong demand — despite a comparatively high online presence already achieved among consumers and businesses — and grew by around 270,000 (+11.9%) in the first three months of 2008 to 11.9 million domains.

Last but not least, the German online advertising market can also expect further dynamic growth in 2008. At its annual press conference, the German Digital Economy Association (Bundesverband Digitale Wirtschaft – BVDW) presented key sector data and forecasts, which all indicated an extremely positive development for the industry.

Business development

With 7.46 million customer contracts, United Internet AG is a leading international Internet Service Provider. United Internet currently operates in two business fields and with eight brands:

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

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

Dynamic growth in DSL

In comparison with March 31, 2007 we succeeded in adding 420,000 new DSL customer contracts, bringing the total to approximately 2.78 million as of March 31, 2008. In addition to the acquisition of new customers, the main focus of our DSL business was placed on raising customer loyalty and expanding business with our current client base. Compared with March 31, 2007, we were able to raise the number of our telephony customers by 540,000 to 1.91 million. At the same time, the number of telephone minutes completed per month

grew from 780 million to over 1 billion. The number of our own DSL connection customers also improved strongly by 510,000 to 2.48 million.

Successful international expansion

In the Product segment, we operate our “Webhosting” business in Germany, the UK, France, Austria, the USA and — since summer 2007 — also in Spain. We also serve customers in numerous other countries via our international US website. In comparison with the same date last year, we raised the number of non-German customer contracts by 330,000 to 1.63 million as of March 31, 2008.

The international presence we have already achieved in the Online Marketing segment is a key element of our overall concept. In addition to the USA, our brands are represented in 8 European countries (Sweden, the UK, the Netherlands, Belgium, Germany, France, Italy and Spain).

Despite the current strength of the Euro, non-German sales grew by 9.3% in the period under review and contributed € 51.9 million (prior year: € 47.5 million) to total consolidated revenues.

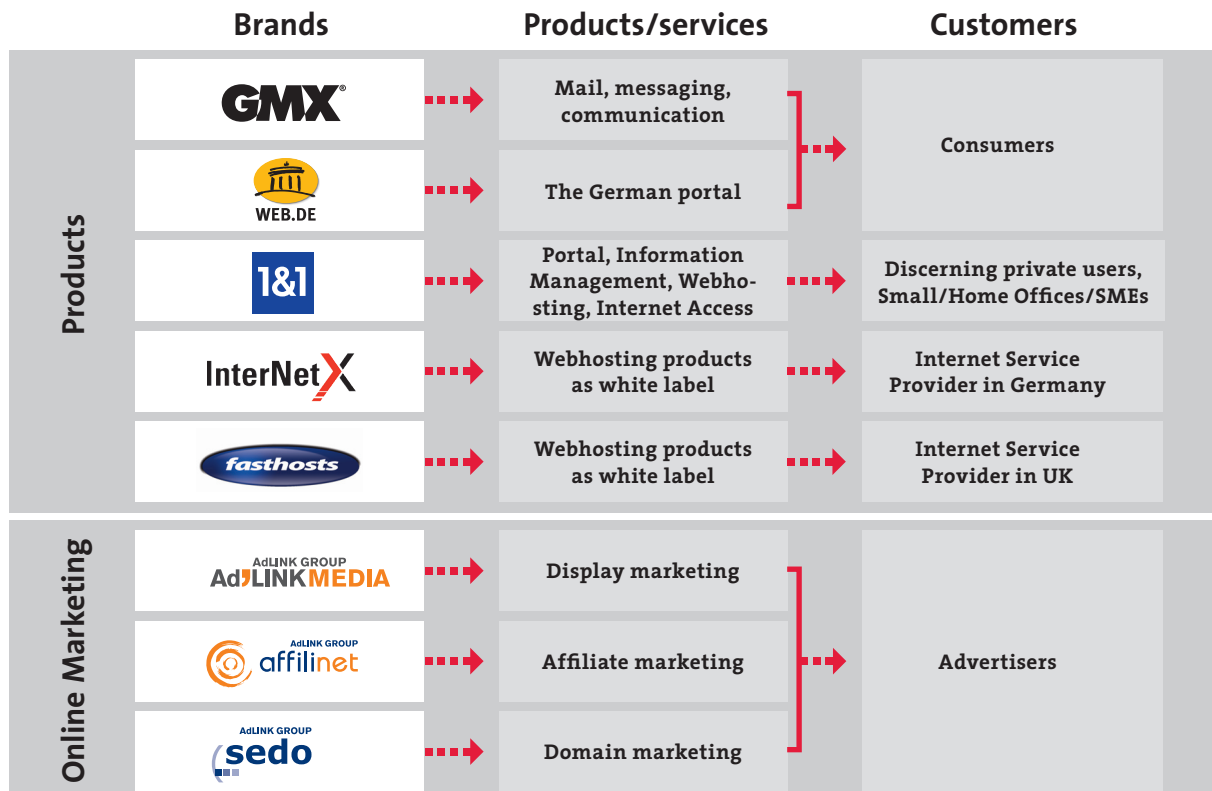
Strategic investments in Versatel and freenet

On January 14, 2008 United Internet acquired a further shareholding in Versatel AG and now holds a total of 25.05% of shares in Versatel AG. In January 2008, United Internet and Drillisch also increased their shareholding in freenet AG to 24.52% via the jointly held company MSP Holding.

New investments

On January 30, 2008, the United Internet subsidiary Sedo acquired a minority shareholding of 40% in the Italian company DomainsBot S.r.l.. DomainsBot is a young and innovative company offering search technology for the domain market.

Segments and brands



On February 8, 2008, United Internet acquired a 48.65% stake in virtual minds AG (Freiburg im Breisgau), and thus also in its subsidiary the advertising specialist ADITION technologies AG.

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

On March 7, 2008, United Internet acquired 33.36% of shares in BW2 Group AG, Lachen, in the course of a capital increase. BW2 offers professional CRM and ERP business solutions in various program versions and function variants.

maxdome

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

Employees

United Internet employed a total of 4,097 people at the end of March 2008 (December 31, 2007: 3,954), of which 867 (December 31, 2007: 827) were employed outside Germany.

Share, share buyback and dividend

Due to the turbulence on the world's stock markets in early 2008, the United Internet share fell by 18.1% from € 16.65 as of December 31, 2007 to € 13.63 as of March 31, 2008. The share thus performed slightly better than the comparative TecDAX index, which fell by 20.3% over the same period.

On completion of the share buyback program adopted and announced on July 24, 2007, the Management Board of United Internet AG resolved on January 22, 2008 to introduce a further share buyback program in order to buy back up to 5,000,000 further shares in the Company (representing approx. 2.00% of capital stock) via the stock exchange. The resolution was in line with

an authorization granted by the Annual Shareholders' Meeting of May 30, 2007 to buy back up to 10% of capital stock. The share buyback program is limited to the period ending November 29, 2008. Including the 2 million shares bought back during the current program, United Internet AG held a total of 22 million treasury shares as of March 31, 2008.

At the Annual Shareholders' Meeting to be held on May 27, 2008, the Management Board and Supervisory Board of United Internet AG will propose a dividend of 20 cents per share (prior year: 18 cents) for fiscal year 2007. Dividend payments are to begin on May 28, 2008.

Segment development

Product segment

In the first three months of 2008, the United Internet Group's dominant business remained its Product segment with the main brands GMX, WEB.DE, 1&1, InternetX and Fasthosts, which together account for 86.0% of total sales. In the period under review, sales in this segment grew by 20.3% to € 346.0 million (prior year: € 287.5 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) improved by 33.3% to € 77.2 million (prior year: € 57.9 million), while earnings before taxes (EBT) reached € 64.9 million (prior year: € 44.7 million, growth of 45.2%). As a result, the EBT margin reached 18.8%. Customer acquisition costs continue to be charged directly as expenses.

Our very healthy key financials are closely linked with the dynamic growth of our customer base. As of March 31, 2008 we had over 7.46 million fee-based customer contracts (prior year: 6.55 million).

These are divided among three product lines:

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

Our brands not only generate revenues from subscriptions; an increasing proportion of income also results from our online advertising and e-commerce activities.

Year-on-year comparison of customer contracts by product lines

Customer contracts (million)	31.03.2007*	31.03.2008	Difference
Information Management	1.12	1.24	+ 0.12
Webhosting	2.92	3.31	+ 0.39
- thereof abroad	1.30	1.63	+ 0.33
Internet Access	2.51	2.91	+ 0.40
- thereof DSL	2.36	2.78	+ 0.42
Total	6.55	7.46	+ 0.91

* After statistical adjustment for general domain agreements of Fasthosts Internet Ltd., acquired in 2006.

United Internet Media, the marketing company for our GMX, WEB.DE and 1&1 portals and our shopping portal SmartShopping.de, provides advertisers and agencies in Germany with a reach of around 50% of all German internet users, as well as high-quality, targeted marketing and innovative advertising instruments.

Our family of brands provides unique market coverage in Germany:

GMX

GMX targets private users with its Information Management products. 8.9 million unique users per month make GMX one of Germany's leading providers of mail, messaging and communication solutions. In addition to its free products, GMX also offers fee-based value-added services.

In the period under review GMX focused on the launch of its products in the USA and UK. All GMX users were also given the possibility to access their GMX mailboxes from any internet-enabled mobile device.

Quarterly development in € million

	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q1 2007
Sales	306.9	321.1	346.4	346.0	287.5
EBITDA	74.0	72.5	75.0	77.2	57.9
EBT	60.6	57.9	56.7	64.9	44.7

Quarter-on-quarter comparison of customer contracts by product lines

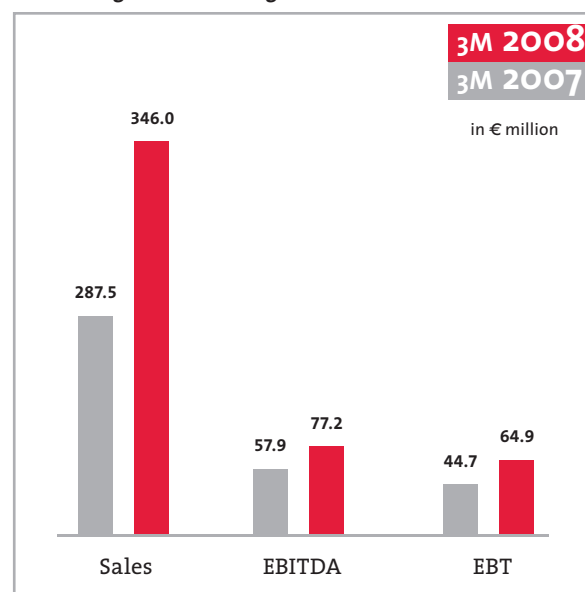
Customer contracts (million)	31.12.2007	31.03.2008	Difference
Information Management	1.21	1.24	+ 0.03
Webhosting	3.21	3.31	+ 0.10
- thereof abroad	1.55	1.63	+ 0.08
Internet Access	2.81	2.91	+ 0.10
- thereof DSL	2.67	2.78	+ 0.11
Total	7.23	7.46	+ 0.23

WEB.DE

With 13 million unique users, WEB.DE is one of Germany's most frequently visited websites and is "the" German internet portal for many users. WEB.DE also offers free basic services and fee-based products, including the WEB.DE Club.

In the period under review, WEB.DE expanded its portal with the addition of a platform for the legal download of computer programs. The service comprises over 800 fee-based full versions, as well as 10,000 free programs. A new child protection function was also integrated into the e-mail product range.

Financial figures Product segment



1&1

1&1 is the right address for discerning private users, offices and SMEs requiring Information Management, Webhosting and Access solutions. 1&1 is No. 2 in Germany's DSL sector and the world's leading hosting company, currently active in 6 countries.

Key topics for 1&1 in the 1st quarter of 2008 were the expansion of 1&1's data network, with which the company's own high-performance data centers are connected, the official product roll-out in Spain and the launch of the 1&1 MediaCenter as a powerful multimedia solution for home entertainment.

InterNetX

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

In the period under review, InterNetX focused on expanding its reseller network. InterNetX currently serves 18,100 resellers (prior year: 16,700) for which it hosts 2.2 million domains and over 900 servers.

Fasthosts

Fasthosts is our reseller brand in the UK. Similar to InterNetX, Fasthosts markets hosting products to over 5,400 ISPs and multimedia agencies (resellers), who market them under their own name. Fasthosts is also active in the direct marketing of products to consumers and companies.

In the 1st quarter of 2008, Fasthosts focused on expanding its customer base. In addition, the company made preparations for its product launch in the USA.

Outlook

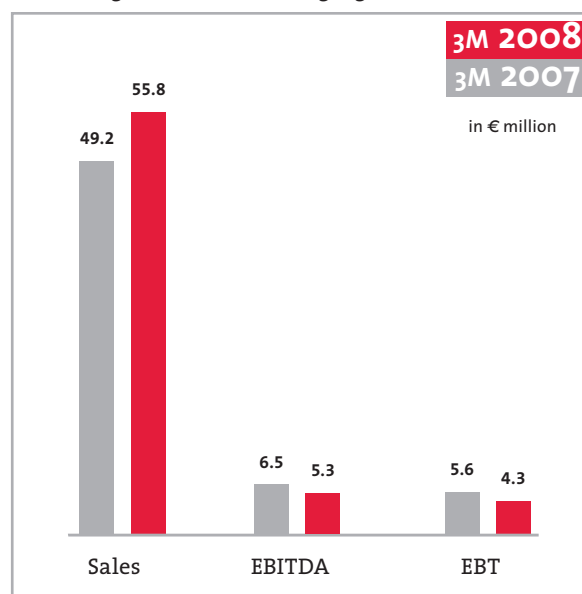
We are confident that our long-term international expansion strategy will continue to make good progress and that we can maintain our dynamic growth. With the aid of our 1&1 Surf & Phone all-inclusive packages, we expect to achieve further profitable growth. The same applies to our other product lines. In view of the high reach of our portals, our innovative advertising technology and the expected market growth, there are also good possibilities for our portal marketer United Internet Media to enjoy further success in the remaining months of the current fiscal year.

Online Marketing

Our Online Marketing segment offers advertisers a variety of marketing and sales solutions: Display Marketing via AdLINK Media, Affiliate Marketing via affilinet and Domain Marketing via Sedo. In contrast to the marketing of our own websites in the Product segment, this segment focuses on the marketing of third-party domains and websites – in 8 European nations and the USA.

The Online Marketing segment displayed widely varying success in the 1st quarter of 2008. While our brands AdLINK Media and affilinet continued to benefit from the positive development of the online advertising market, sales and earnings in Domain Marketing (Sedo) fell short of expectations and the prior-year figures. In addition to the weak dollar, the main reason was a sudden change in policy and algorithms by our most important partner in the field of search engines. Despite these effects, sales were improved by 13.4% from € 49.2 million to € 55.8 million. However, earnings suffered: EBITDA fell by 18.5%, from € 6.5 million to € 5.3 million, and EBT by 23.2% from € 5.6 million to € 4.3 million. The segment accounted for 13.9% of the United Internet Group's total sales.

Financial figures Online Marketing segment



AdLINK Media

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

In the period under review, the company focused mainly on the expansion of its advertising network. As a result, the number of ad impressions generated by the network grew to 9.4 billion per month (prior year: 7.6 billion).

affilinet

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

In the period under review, affilinet focused on gaining new program suppliers and expanding its network: the number of affiliate programs grew to over 1,430 (prior year: 1,230) and the number of active websites reached over 440,000 (prior year: 390,000).

Sedo

Sedo operates the global domain trading platform "sedo.com", which currently trades 12.3 million domains. In its "domain parking" business, Sedo markets some of these domains to advertisers on behalf of the domain owners.

In the period under review, Sedo focused in particular on driving its international expansion — especially in the USA and the UK. The number of marketable domains grew to around 6.4 million (prior year: 2.9 million).

Outlook

In view of the growing online advertising markets, we expect further encouraging growth in the course of the current fiscal year for our Display Marketing and Affiliate Marketing business fields.

Quarterly development in € million

	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q1 2007
Sales	54.0	53.8	67.8	55.8	49.2
EBITDA	23.0	5.4	8.4	5.3	6.5
EBT	12.5	4.2	7.3	4.3	5.6

Assets, liabilities, financial position and profit or loss

Earnings: strong customer growth and 46% increase in EPS

The United Internet Group continued its profitable growth in the first three months of 2008. There was significant growth in the financial figures as well as in key customer and market figures. Consolidated sales grew by 19.3% from € 336.9 million last year to € 402.0 million. In the dominant Product segment sales benefited from the dynamic growth of broadband contracts with stronger customer retention, successful customer acquisition in our national and international target markets in webhosting and fast growing advertising and e-commerce revenues in our portal business. In our broadband segment, strong growth in sales resulted from the fact that more and more of our new DSL customers and our existing base subscribed not only to our pure DSL tariff, but also to network connections, internet telephony and additional services such as security packs and video-on-demand. This enabled us to combine stronger customer ties with additional revenues. This development will be strengthened by the trend toward all-inclusive DSL packages – without Deutsche Telekom AG phone lines – which we have been offering under the 1&1 brand since the third quarter of 2007.

Consolidated gross margin fell from 40.4% in the previous year to 39.7% for the period under review. The main reason was once again the strong growth in new customers and the changed product mix due to the higher proportion of DSL business, which offers a lower gross margin in comparison to other products, such as webhosting or portal.

Due to our strong customer growth, as well as the costs associated with stronger customer retention and the launch of our all-inclusive packages, sales and marketing expenses grew strongly from € 61.4 million to € 66.8 million. As a result of even stronger growth in sales revenues, however, their proportion fell to 16.6% (prior year: 18.2%). As in previous years, customer acquisition costs are directly expensed. Administrative expenses grew more slowly than sales, from € 18.8 million (5.6%) to € 19.7 million (4.9%).

Earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 31.2% to € 83.2 million (prior year: € 63.4 million). Consolidated net income

improved by 46.0% from € 30.9 million (comparable prior-year figure) to € 45.1 million. Earnings per share (EPS) grew by 46.2%, from 13 cents last year to 19 cents. United Internet AG thus once again displayed both high profitability and strong growth in the first three months of 2008.

Financial position: strong operative cash flow

Despite high cash expenses for new DSL customer acquisition, cash flow from operating activities grew from € 62.9 million last year to € 47.6 million, thus underlining the strong cash generation of our business. Net cash flow from operating activities fell from € 86.2 million to € 42.3 million, mainly as a result of reduced trade payables.

Net cash flow for investing activities amounted to € 89.8 million in the period under review, whereby the acquisition of shares in associated companies (mainly Versatel, virtual minds and BW2) accounted for the major share (€ 82.2 million). In the prior-year period, there was net cash flow from investing activities of € 66.7 million resulting mainly from the sale of the twenty4help group. Cash flow from financing activities was dominated by the taking out of loans of € 100.2 million (prior year: loan repayment of € 85.2 million) as well as disbursements for the purchase of treasury shares of € 51.6 million (prior year: € 65.5 million).

Assets and liabilities: fall in equity ratio due to share buyback

In the first three months of 2008, the change in asset structure was significantly influenced by strong earnings, the partially debt-financed purchase of shares in associated companies and the share buyback program. Due to the fact that treasury shares are deducted from equity capital (€ 265.0 million, December 31, 2007: € 213.3 million), the Group's equity ratio fell to 29.2% (December 31, 2007: 31.6%).

Quarterly development in € million

	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q1 2007
Sales	361.1	375.1	414.3	402.0	336.9
EBITDA	95.5	76.6	73.3	83.2	63.4
Net income	46.8	37.6	40.1	45.1	30.9

Following the purchase of treasury shares and shares in associated companies, net bank borrowing of the United Internet Group amounted to € 415.0 million (December 31, 2007: € 331.3 million).

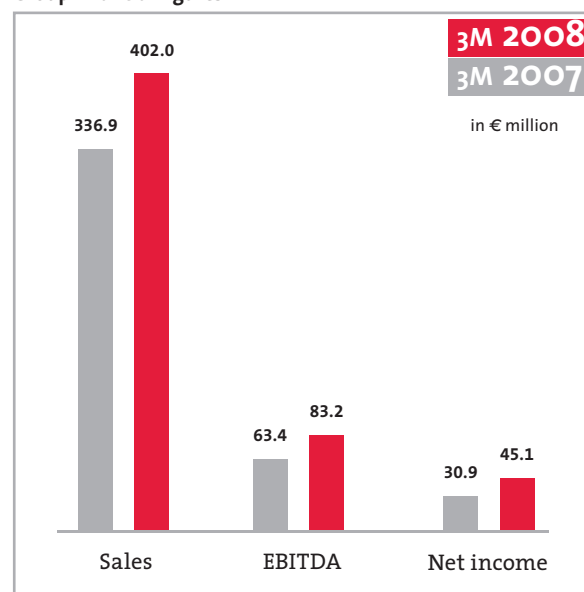
Risk report

United Internet AG attaches high priority to its holistic risk management system, which goes above and beyond the statutory requirements. Our monitoring system identifies, classifies and evaluates risks using standard procedures and defining clear responsibilities throughout the Group. We not only regard efficient and forward-looking risk management as an important tool to anticipate dangerous developments, but as an important and value-adding responsibility.

During the first three months of 2008, the overall risk situation remained mostly unchanged from the risk report provided as part of the annual financial statements 2007.

There were no risks which directly jeopardized the continued existence of United Internet in the first half of 2007, neither from individual risks nor from the overall risk situation.

Group financial figures



Due to United Internet's ongoing strict alignment as an Internet Service Provider, the major risks for the Company's future assets, liabilities, financial position and profit or loss focus on the areas of supplier dependency, technology and software systems, and competition. The risk management culture we have introduced enables us to proactively counter such risks. We judge the probability of such adverse developments as low to limited.

Subsequent events

On April 3, 2008 United Internet AG resumed talks about a strategic cooperation with freenet AG, Büdelsdorf, and Drillisch AG, Maintal, which had been postponed on November 19, 2007. The parties were to negotiate possible transactions, including a takeover of freenet. Against the backdrop of the current consolidation of the telecommunication sector, shareholders of freenet AG were to be offered an alternative to the possible purchase of debitel AG.

On April 27, 2008 freenet AG announced that it had signed a contract on that date for the purchase of the debitel group. The seller is the holding company debitel (Netherlands) Holding BV, in which Permira Funds holds a majority share. The purchase has been approved by the Supervisory Board of freenet AG.

The approval of the Management Board and Supervisory Board of freenet AG to acquire debitel signaled the end of our willingness to consider the submission of a takeover offer. In the run-up to the Annual Shareholders' Meeting of freenet AG, MSP Holding (owned by United Internet and Drillisch) — as a shareholder of freenet AG — will examine all legal steps to be taken against the transaction.

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

Modest prospects for the global economy in 2008

According to a forecast of the International Monetary Fund, the downturn in the global economy will also affect Germany and lead to slower growth. In its spring

report on the development of the global economy, presented in Washington, the IMF's experts made a downward adjustment to their growth forecast for Germany and now predict growth of 1.4% in 2008 — following a forecast of 1.5% in February. The IMF expects growth of just 0.5% for the USA in 2008. The IMF reduced its 2008 forecast for the global economy as a whole by half a percentage point to 3.7%.

The IMF regards the financial crisis brought about by the US real estate market as the main brake on growth, followed by high energy prices and — for the Euro zone — the export-hindering strength of the Euro. According to the IMF's experts, the aforementioned factors will also affect Europe — after a certain delay. The German economy is currently profiting from full order books which are keeping export growth at a high level. This growth driver is expected to start faltering, however, as the financial crisis dampens global demand and the strong Euro hinders exports. The IMF views the global inflation trend as a „source of considerable concern". Inflation is being fanned above all by a strong increase in food and energy prices. For Germany, the Fund forecasts a slight rise in inflation from 2.3% in 2007 to 2.5% in the current year. Despite the economic slowdown, the IMF forecasts a further positive development on the German labor market.

Still good prospects for ITC markets

The German ITC sector is still upbeat about prospects for 2008. The trade association BITKOM expects total growth of 1.6% to € 145.2 billion in 2008 for the IT, telecommunications and digital consumer electronics segments. Growth of 2% to € 148.1 billion is forecast for 2009. IT services and software are expected to display the most dynamic growth, with increases of 5% and 6%. In total, the association expects sales to exceed € 150 billion for the first time in 2008. The general sector mood therefore remains upbeat: 79% of companies expect rising sales, 16% expect a stable development and just 5% expect revenue to fall.

Boom in broadband connections to continue

According to the latest "Germany Online" survey, the trend toward broadband connections is set to continue. The number of broadband connections will increase to 21 million by 2010 and to over 29 million connections by 2015 — so that over 80% of all German households will have a broadband connection by this time.

The ongoing boom in broadband connections will also positively impact many other markets in which we operate. With growing household penetration of broadband internet, we can offer new and innovative products and services — such as internet telephony, video-on-demand as the first step toward internet TV and web-based office applications — which users can access without any drop in performance. At the same time, our online portals GMX, WEB.DE und 1&1 and marketing brands AdLINK Media, Sedo and afflinet will be able to use increasingly data-intensive advertising formats.

High growth rates also expected for webhosting and online advertising

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

The online advertising market is also expected to continue its high growth rates. In its report “European Online Advertising, Forecast, 2007 to 2012”, Jupiter-Research forecasts growth in Western Europe of 18% to € 9.1 billion in 2008.

Despite a leap in sales of 51% to almost € 2.9 billion, there is still no end in sight for growth on the German online advertising market. The tremendous untapped potential becomes apparent if one compares online advertising’s share of the total advertising pie with online usage as a proportion of total media usage: the forecast for 2007 of 12.5% of the advertising market (without posters) is still behind the online share of daily media consumption of around 15%. In 2008, the German Online Marketing Group (Online-Vermarkterkreis – OVK) expects online advertising revenues to exceed € 3.7 billion, corresponding to growth of around 29%.

Opportunities for United Internet

Despite more modest global conditions, we expect good growth opportunities once again in our fiscal year 2008

thanks to our successful positioning in the growth markets of DSL, Webhosting, Portals and Online Marketing.

In our Product segment, we are confident that our international expansion strategy will continue to make good progress and that we can maintain our dynamic growth. Thanks to further product innovations and our attractive price-performance ratio, we also see good opportunities for DSL connections and DSL telephony. In total, we expect dynamic growth in the number of customer contracts in all product lines. According to leading market research institutes, the prospects are also still very encouraging for the marketing of our portals GMX, WEB.DE and 1&1. The online advertising market is expected to continue its dynamic growth in future. With the expansion of content, we also expect the reach and volume of marketable ad impressions of our websites to grow. Thanks to constant improvements in targeting technologies we currently believe this growth can be translated into rising sales and earnings figures.

In our Online Marketing business, in which we market websites and domains of third parties, we expect our strong positioning within identified target markets and the encouraging development currently forecast for the online advertising market to generate rising sales.

All in all, we expect growth of around 20% in sales, EBITDA and EPS.

Consolidated Financial Statements as of March 31, 2008

Balance Sheet in €k

	March 31, 2008	Dezember 31, 2007
ASSETS		
Current assets		
Cash and cash equivalents	59,953	59,770
Accounts receivable and other assets	97,862	123,788
Inventories	14,456	16,785
Prepaid expenses	22,431	23,020
Loans to joint ventures	0	4,007
Other assets	12,853	16,371
	207,555	243,741
Non-current assets		
Shares in associated companies / joint ventures	382,437	309,023
Other financial assets	72,417	67,867
Property, plant and equipment	74,077	77,105
Intangible assets	112,544	120,031
Goodwill	386,234	388,822
Deferred tax asset	7,169	7,437
	1,034,878	970,285
Total assets	1,242,433	1,214,026
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade accounts payable	177,027	232,421
Liabilities due to banks	5,773	2,056
Advance payments received	6,610	6,069
Accrued taxes	34,022	30,172
Deferred revenue	101,672	102,200
Other accrued liabilities	8,169	7,683
Other liabilities	53,696	60,243
	386,969	440,844
Non-current liabilities		
Convertible bonds	245	245
Liabilities due to banks	469,147	369,049
Deferred tax liabilities	19,270	19,061
Other liabilities	4,575	886
	493,237	389,241
Total liabilities	880,206	830,085
Equity		
Capital stock	251,434	251,434
Additional paid-in capital	160,835	160,095
Accumulated profit	216,444	171,688
Treasury stock	-264,987	-213,338
Revaluation reserves	1,771	9,411
Currency translation adjustment	-15,734	-7,726
Equity attributable to shareholders of the parent company	349,763	371,564
Minority interests	12,464	12,377
Total equity	362,227	383,941
Total liabilities and equity	1,242,433	1,214,026

Consolidated Financial Statement as of March 31, 2008

Income Statement in €k

	2008 January – March	2007 January – March
Sales	401,969	336,885
Cost of sales	-242,468	-200,712
Gross profit	159,501	136,173
Selling expenses	-66,786	-61,361
General administrative expenses	-19,734	-18,771
Other operating income / expenses	2,977	52
Amortization of intangible assets resulting from company acquisitions	-5,539	-5,624
Operating result	70,419	50,469
Financial result	-5,452	-808
Result from associated companies	-180	467
Pre-tax result	64,787	50,128
Income taxes	-19,669	-19,184
Net income before minority interests (from continued operations)	45,118	30,944
Result from discontinued operations	-	68,248
Net income before minority interests (after discontinued operations)	45,118	99,192
Attributabel to		
- minority interests	362	623
- shareholders of United Internet AG	44,756	98,569

Result per share of shareholders of United Internet AG (in €)		
- basic	0.19	0.41
- diluted	0.19	0.41
thereof result per share (in €) – from continued operations		
- basic	0.19	0.13
- diluted	0.19	0.13
thereof result per share (in €) – from discontinued operations		
- basic	-	0.28
- diluted	-	0.28
Weighted average shares (in million units)		
- basic	230.85	239.99
- diluted	231.61	241.59

Consolidated Financial Statement as of March 31, 2008

Income Statement in € million

	Q2 2007 April–June	Q3 2007 July–Sept.	Q4 2007 Oct.–Dec.	Q1 2008 Jan.–March	Q1 2007 Jan.–March
Sales	361.1	375.1	414.3	402.0	336.9
Cost of sales	-213.9	-224.5	-256.9	-242.5	-200.7
Gross profit	147.2	150.6	157.4	159.5	136.2
Selling expenses	-55.2	-61.4	-70.3	-66.8	-61.3
General administrative expenses	-21.3	-21.3	-21.0	-19.8	-18.8
Other operating income / expenses	16.5	-0.7	-7.8	3.0	0.0
Amortization of intangible assets resulting from company acquisitions	-5.6	-5.7	-5.6	-5.5	-5.6
Amortization of goodwill	-9.4	0.0	0.0	0.0	0.0
Operating result	72.2	61.5	52.7	70.4	50.5
Financial result	-0.5	-1.3	-2.1	-5.4	-0.8
Result from associated companies	0.1	-0.1	1.9	-0.2	0.4
Pre-tax result	71.8	60.1	52.5	64.8	50.1
Income taxes	-25.0	-22.5	-12.4	-19.7	-19.2
Net income before minority interests (from continued operations)	46.8	37.6	40.1	45.1	30.9
Result from discontinued operations	0.0	0.0	-0.2	0.0	68.3
Net income before minority interests (after discontinued operations)	46.8	37.6	39.9	45.1	99.2
Attributabel to					
- minority interests	1.4	0.2	1.1	0.4	0.6
- shareholders of United Internet AG	45.4	37.4	38.8	44.7	98.6
Result per share of shareholders of United Internet AG (in €)					
- basic	0.19	0.16	0.17	0.19	0.41
- diluted	0.19	0.16	0.17	0.19	0.41
thereof result per share (in €) – from continued operations					
- basic	0.19	0.16	0.16	0.19	0.13
- diluted	0.19	0.16	0.16	0.19	0.13
thereof result per share (in €) – from discontinued operations					
- basic	-	-	0.01	-	0.28
- diluted	-	-	0.01	-	0.28

Consolidated Financial Statement as of March 31, 2008

Statement of Changes in Shareholder's Equity

	Capital stock		Additional paid-in capital €k	Accumulated profit €k	Capital stock	
	Share	€k			Share	€k
Balance as of January 1, 2007	250,235,176	250,235	156,447	-6,014	8,226,072	-79,561
Employee stock ownership programme AdLINK			61			
Employee stock ownership programme United Internet			-99			
Withdrawal of treasury shares					4,763,928	-65,457
Currency translation adjustment						
Net income 2007				98,569		
Change amount of holding						
Balance as of March 31, 2007 thereof result directly included in equity	250,235,176	250,235	156,409	92,555	12,990,000	-145,018
Balance as of January 1, 2008	251,433,972	251,434	160,095	171,688	18,000,000	-213,338
Employee stock ownership programme AdLINK			183			
Employee stock ownership programme United Internet			557			
Change of market value of available disposal financial instruments after taxes						
Withdrawal of treasury shares					4,000,000	-51,649
Currency translation adjustment						
Net income 2008				44,756		
Change amount of holding						
Balance as of March 31, 2008 thereof result directly included in equity	251,433,972	251,434	160,835	216,444	22,000,000	-264,987

	Revaluation reserves €k	Currency translation €k	Equity attributable to shareholders of the parent company €k	Minority interests €k	Total equity €k	Total net income	
						attributable to shareholders of United Internet AG €k	Minority interests €k
	1,373	930	323,410	11,605	335,015	113,575	6,954
			61		61		
			-99		-99		
			-65,457		-65,457		
		-378	-378		-378	-378	
			98,569	623	99,192	98,569	623
			0	-273	-273		
	1,373	552	356,106	11,955	368,061	98,191	623
						-378	0
	9,411	-7,726	371,564	12,377	383,941	220,749	4,397
			183		183		
			557		557		
	-7,640		-7,640	-296	-7,936	-7,936	-296
			-51,649		-51,649		
		-8,008	-8,008		-8,008	-8,008	
			44,756	362	45,118	44,756	362
			0	21	21		
	1,771	-15,734	349,763	12,464	362,227	28,812	66
						-15,944	-296

Consolidated Financial Statement as of March 31, 2008

Cash Flow Statement in €k

	2008 January – March	2007 January – March
Cash flow from operating activities		
Net income (from continued operations)	45,118	30,944
Net income (from discontinued operations)	0	68,248
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of intangible assets and property, plant and equipment	7,255	7,356
Amortization of intangible assets resulting from company acquisitions	5,539	5,624
Compensation expenses from employee stock option plans	740	-38
Results of at-equity companies	180	-467
Income from deconsolidation of affiliated companies	0	-65,794
Change in deferred taxes	465	1,744
Non-cash expenses / income	3,622	0
Operative cash flow	62,919	47,617
Change in assets and liabilities		
Change in receivables and other assets	29,444	5,736
Change in inventories	2,328	126
Change in deferred expenses	589	1,168
Change in trade accounts payable	-54,081	13,680
Change in advance payments received	541	222
Change in other accrued liabilities	486	0
Change in accrued taxes	3,851	11,102
Change in other liabilities	-3,235	-3,719
Change in deferred income	-528	10,300
Change in assets and liabilities, total	-20,605	38,615
Cash flow from operating activities	42,314	86,232

	2008 January – March	2007 January – March
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	-5,621	-9,278
Investments in other financial assets	-12,750	0
Payments of loans granted	-76	22
Payments of loans granted to joint ventures	4,000	0
Disposal of assets	34	91
Purchase of shares in associated companies	-82,206	-6,250
Purchase of further shares in affiliated companies	-1,822	-3,166
Payments from deconsolidation of affiliated companies	0	85,232
Repayments of associated companies	8,612	0
Cash flow from investment activities	-89,829	66,651
Cash flow from financing activities		
Purchase of treasury stock	-51,649	-65,457
Change in bank liabilities	100,192	-85,178
Repayed loans to associated companies	-2,800	0
Minority interests	3,548	0
Payment of convertible bonds	0	-53
Cash flow from financing activities	49,291	-150,688
Net increase in cash and cash equivalents	1,776	2,195
Cash and cash equivalents at beginning of fiscal year	59,770	32,723
Currency translation adjustments of cash and cash equivalents	-1,593	-378
Cash and cash equivalents at end of period	59,953	34,540

Consolidated Interim Financial Statements

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

The condensed consolidated interim report for the period from January 1 to March 31, 2008 was prepared in accordance with IAS 34 "Interim Financial Reporting".

A condensed reporting format was chosen for the presentation of this consolidated interim report, as compared with the consolidated financial statements, and is thus to be read in connection with the consolidated financial statements as of December 31, 2007. The accounting and valuation principles applied in the consolidated financial statements as of December 31, 2007 were adopted without change for the preparation of this consolidated interim report.

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

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

The consolidated interim report includes all subsidiaries and associated companies.

Changes in the reporting unit

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

At the beginning of fiscal year 2008, the shareholding in Versatel AG, Berlin, was increased from 19.5% to 25.05%. The acquisition of the additional shares was dependent on the approval of the anti-trust authorities. This approval was granted on December 20, 2007.

On January 23, 2008, United Internet AG and Drillisch AG increased their shareholding in freenet AG to 24.52% via the jointly held company MSP Holding GmbH.

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

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

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

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

Explanations of income statement items

3 Personnel expenses

In the first three months of 2008, personnel expenses amounted to € 40,948k (prior year: € 34,200k). At the end of March 2008, United Internet employed a total of 4,097 people, of which 867 were employed outside Germany. The number of employees at the end of March 2007 amounted to 3,430, of which 734 were employed outside Germany.

4 Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 7,255k in the first three months of 2008 (prior year: € 7,356k).

Amortization of capitalized intangible assets resulting from business combinations amounted to € 5,539k (prior year: € 5,624k).

Total depreciation and amortization thus amounted to € 12,794k in the reporting period of 2008 (prior year: € 12,980k).

5 Financial result

The financial result consists mainly of financial expenses from the use of loans and overdraft facilities.

6 Income taxes

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

Explanations of balance sheet items

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

7 Shares in associated companies / joint ventures

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

	2008 €k
Carrying amount at the beginning of the fiscal year	309,023
Additions	82,206
Adjustments	
– Shares in result	–180
Disposals	–8,612
	382,437

The addition to shares in associated companies results mainly from the acquisition of shares in Versatel (€ 55,870k), shares in virtual Minds (€ 9,058k) and shares in BW2 Group (€ 5,780k). An amount of € 9,180k was invested in associated companies of European Founders Fund No. 2. The disposal results from capital repayments of European Founders Fund No. 1.

8 Other financial assets

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

9 Property, plant and equipment, intangible assets and goodwill

A total of € 5,621k was invested in property, plant and equipment and intangible assets during the interim reporting period. Investments focused mainly on the further expansion of the network and infrastructure, as well as data centers.

Goodwill amounted to € 386,234k and is presented for each business segment of United Internet:

	2008 €k	2007 €k
Product segment	293,260	297,670
Online Marketing segment	92,974	91,152
	386,234	388,822

The decline in goodwill in the Product segment is due to effects from foreign currency translation.

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.

Working capital loans for United Internet AG amounting in total to € 55.0 million have terms ending in June and September 2008, or are available at further notice.

11 Other current liabilities

Other current liabilities consist mainly of liabilities due to the tax office, salary and social security liabilities and purchase price installments for the acquisition of investments.

12 Accrued taxes

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

13 Capital stock

As of March 31, 2008, fully paid capital stock amounted to € 251,433,972, divided into 251,433,972 registered shares each having a theoretical share in the capital stock of € 1.

As of March 31, 2008 the Company held a total of 22.0 million treasury shares or 8.75% of current capital stock. The average purchase price per share amounted to € 12.04. Treasury shares reduce equity capital and are not entitled to dividend payments.

The Annual Shareholders' Meeting of May 27, 2008 will vote on the proposal of the Management Board and Supervisory Board to pay a dividend of 20 cents per entitled share for the fiscal year 2007.

14 Revaluation reserves

The decrease in revaluation reserves amounting to € 7,640k resulted from the subsequent valuation of shares in Goldbach and Drillisch. Profits and losses from subsequent valuation to fair value are recognized directly in equity capital at net value, i. e. less deferred taxes.

Other items

15 Transactions with related parties

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

There is no change in the circle of related parties as compared with the consolidated financial statements as at December 31, 2007.

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

Shareholding (units)	March 31, 2008
Management Board	
Ralph Dommermuth	89,298,300
Norbert Lang	576,128
	89,874,428
Supervisory Board	
Kurt Dobitsch (Chairman)	-
Kai-Uwe Ricke	-
Michael Scheeren	700,000
	700,000

United Internet's premises in Montabaur are leased from Mr. Ralph Dommermuth. The resulting rent expenses are customary and amounted to € 394k in the reporting period 2008.

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

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

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

16 Subsequent events

ProSiebenSat.1 Media AG and 1&1 Internet AG have placed their cooperation in the field of video-on-demand on a new basis. To this end, the jointly controlled company maxdome GmbH & Co. KG, Unterföhring, has been founded. The respective contracts were signed on February 22, 2008. The transaction was approved by the respective anti-trust authorities on April 29, 2008.

Montabaur, May 9, 2008

United Internet AG



Ralph Dommermuth



Norbert Lang

Financial calendar 2008

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

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United Internet AG
Elgendorfer Straße 57
D-56410 Montabaur
Germany
www.united-internet.com

Contact

Investor Relations
Phone: +49 2602 96-1631
Fax: +49 2602 96-1013
E-mail: investor-relations@united-internet.com

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