

2001

Annual Report



Time for new visions

The Internet continues to go from strength to strength—the New Economy crisis will be remembered as just a brief episode in the early experimentation phase of this fascinating medium. The megatrend remains unaffected.

United Internet develops future markets for the Internet. We have learned which corporate structures and which products and services will bring us the greatest success. Not as a network of shareholdings in small Internet companies, but as a strong provider of premium services, above all for technically competent Internet users and companies.

Our range of products and services is designed to leverage the specific benefits of the Internet across a wide spectrum. Our claim to technological leadership is underlined by new and innovative value-added services which both benefit the consumer and prove that the Internet promises not only fantastic growth potential but also attractive returns.

United Internet at a glance

Key figures from the consolidated financial statements (US-GAAP) in € million

Income Statement	2001	2000
Sales	230.7	194.3
EBITDA	23.8	0.1
EBIT	-37.1	- 34.8
EBT	-42.6	- 54.1

Balance sheet		
Non-current assets	112.1	143.6
Current assets	157.3	163.2
Shareholders' equity	78.0	101.1
Balance sheet total	269.4	306.8

Employees

Germany		
- full-time	1,704	1,913
- part-time	551	679
Abroad	631	400
Total	2,886	2,992
Personnel expenses	86.2	67.1

Stock

Share price at year-end (XETRA)	4.40 €	4.30 €
Earnings per share*	-0.63 €	-0.87 €

Quarterly development of key figures (US-GAAP) in € million

	Q1/2001	Q2/2001	Q3/2001	Q4/2001	Q4/2000
Sales	60.9	53.3	51.0	65.5	55.7
EBITDA	2.5	5.4	4.7	11.2	-0.4
EBT	-7.4	-6.7	-25.8	-2.7	-23.0

EBITDA is the operating result of the income statement (p.30) less depreciation of tangible assets and amortization of intangible assets, including goodwill.

* 2000 figures adjusted for capital increase

Company Structure



Corporate Center

100 %
A1

100 %
val-U Marketing

100 %
MIP Multimedia Internet Park

Core Companies

100 %

GMX[®]

100 %

1&1

100 %

twenty4**help**
KNOWLEDGE
SERVICE AG

62.27 %

AdLINK
Internet Media AG

Minority Shares

39.23 %

NTplus

33.33 %

fun
INTERNET SERVICE

25.58 %

jobpilot

38.53 %

metropolis ag:
Creating social Internetworks

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Dear shareholders, employees and friends of the company!

The past year was of great significance for United Internet. While numerous high-tech and Internet stock prices were crumbling and many market players were facing an ominous collapse in revenues, the United Internet Group succeeded in stabilizing its successful development of the past few years with sales growth of over 18 percent. And while most Internet companies continued to post high losses, our earnings made strong progress: in the Group's core business segments—with the exception of AdLINK—we are already achieving high margins and returning profits. United Internet was subjected to a rigorous test under extreme market conditions in 2001—and emerged successful. This test provided proof of our company's excellent substance and ability to continue growing even in difficult times.

This positive conclusion does not mean that we were successful in achieving all our goals, however. We too were forced to radically rethink certain key aspects of our strategy and to abandon some of our objectives. The most important of which was our idea of establishing a network of Internet affiliates under the umbrella of our management holding company, aimed at benefiting as widely as possible from the Internet boom. The business model of some of these affiliates was simply not strong enough to reach profitability within a reasonable period of time and with an acceptable level of investment. We were therefore forced to take appropriate steps. Either by ending our financial support, or as was the case with AdLINK, by gaining a strategic partner with whom we can share responsibility for the company.

There were two factors which proved decisive in amending our strategy: firstly, the experience and unity

of the United Internet management team, enabling us to take fast and decisive action; and secondly, the caution with which we had acquired our Internet shareholdings in the previous years. This helped to protect us from greater damage. Now that the "clearing up" is over, the focus has been shifted to developing the market strength and earnings potential of our core companies.

1&1 Internet was particularly successful in bucking the negative market trend and continuing its strong development in 2001. The company now generates a level of profit which is almost unrivalled on the German/European Internet market. Despite a slight deceleration in growth, twenty4help also made good progress in raising profitability. The company was able to gain a number of important new customers and markets, with new locations for example in England. A further highly significant development last year was the successful turnaround of GMX.

1&1 Internet, twenty4help, GMX: these are the companies which will play a key role in the future development of United Internet. They prove that, apart from the occasional "slips", we were right with our initial decision: to recognize the Internet as a separate market and to develop it as a sales and support channel.

Our strategic alignment and focus on the Internet therefore remains unchanged—and now that the sector appears to have pulled out of recession, we can once again return to the offensive with fresh visions and renewed energy. We hope that you will continue to accompany us on this journey.



A handwritten signature in black ink, appearing to read 'Ralph Domermuth'.

Ralph Domermuth



A handwritten signature in black ink, appearing to read 'Norbert Lang'.

Norbert Lang



A handwritten signature in black ink, appearing to read 'Richard Seibt'.

Richard Seibt

“The bottom line is our success”

After two years of United Internet, CEO Ralph Dommermuth takes stock—and comes to a positive conclusion

■ Mr Dommermuth, it's about two years since you announced the launch of United Internet. Last year you were forced to realign your strategy and depart from the concept of a network of affiliates. How do you judge this period?

DOMMERMUTH: It's impossible to sum up this amazing period in just a single sentence—either positively or negatively. Yes, we were unable to realize our vision of a widespread network and have had to sell, or find strategic partners for some of our affiliates. We have also written off some investments and terminated financial support for others. At the same time, however, we succeeded in completely realigning the core activities of our former 1&1 holding company to the Internet market. Despite the global collapse of stock market prices, we achieved strong growth once more and greatly improved earnings. In our core operating business we are now achieving double-digit margins. Just name one Internet company or competitor of ours which has achieved anything comparable. The bottom line, therefore, is our success.

■ Were you not perhaps caught up too much by the general euphoria two years ago?

DOMMERMUTH: No. If you want to move something, you have to be enthusiastic yourself and awake the same enthusiasm in others. At the peak of the Internet boom we were often criticized for being too cautious with regard to new investments, in comparison to other companies. Today, I am extremely grateful that we didn't dive head first into any uncertain adventures.

■ But you certainly stepped up the pace at times. Within a relatively short space of time the number of affiliates had shot up to 17 ...

DOMMERMUTH: Yes, that's true. We were particularly active during a phase when the whole sector was being driven by fantastic growth expectations. Not all of our investments from this time have been able to live up to our expectations. It was therefore only right to part company with these affiliates.

■ You have now transformed your most important companies into 100 % subsidiaries again and put others up for sale. Are you not returning to exactly the same point where the old 1&1 holding company used to be?

DOMMERMUTH: No. We have created very clear structures for those companies below the holding level. The companies have their own distinctive and high-quality brands. The twenty4help brand, for example, is much stronger than that of the former 1&1 ServiceLine. Just as the AdLINK brand is a lot stronger than the former 1&1 Online Dialog. Thanks to our IT innovation center in Karlsruhe, we now have our own range of value-added Internet applications. We no longer focus on marketing third-party products but can now offer our own value-added services. We have established all this in just the last few years.

■ What role does the United Internet holding company play in this new constellation? Are you not returning to your old strengths and taking a more operative role again?

DOMMERMUTH: Yes, the role of the holding company has changed quite dramatically since our realignment. We originally intended to develop along the lines of a management and finance holding and concentrate mainly on new investments. During times of crisis, however, we noticed that we needed to take a much more active role in the daily business of our affiliates. This was another reason why we decided to buy back the management shares and convert them into United Internet shares, so that we now own 100 % subsidiaries again. My colleague Richard Seibt and myself are now members of both the United Internet boards, as well as those of our two most important subsidiaries.

■ Is this now the final company structure?

DOMMERMUTH: There are no final structures on the Internet market. On the contrary, flexibility and an ability to constantly redefine yourself are key factors for success in this business. We are only in such a sound position today, because we were always prepared to react to new

developments at short notice and with total commitment. And this will continue to be the case.

■ It seems that twenty4help, in particular, has quite a different business model to 1&1 Internet or GMX.

DOMMERMUTH: That's right. In fact, all our subsidiaries have distinct business models and their own special markets. That's why it makes sense to brand them differently and to run them as separate businesses. What our companies can achieve together, though, is the integration of digital business processes. We now cover an extensive share of the value chain for premium Internet services—from product development to computer center operations, marketing, sales and support.

■ Can you explain that in more detail?

DOMMERMUTH: 1&1 Internet, for example, offers high-speed Internet access and do-it-yourself hosting solutions as well as operating as an application service provider for pure network applications, such as Microsoft .Net products. 1&1's subsidiary Schlund + Partner provide similar solutions, but address more medium-sized businesses with their higher performance products, which are marketed mainly via multimedia agencies. GMX generates revenues with banner advertising or by offering customers complex e-commerce partnerships. In addition, the company charges subscribers monthly fees for the use of its professional e-mail accounts. All of these applications, solutions and products need support. And that's exactly where twenty4help comes in.

■ What trends do you see on the horizon?

DOMMERMUTH: The Internet will continue to conquer both private and business markets. The growth and investment rates of the e-business sector, for example, bear no relation at all to the depressed mood of the Neuer Markt. Users are looking for a high degree of functionality and availability backed up by simple and reliable support solutions. There are two things working in our favor in this respect: firstly, the fact that new technology and in-



“The Internet will continue to conquer both private and business markets.”

creased use of the Internet have defused the topic of data security. Users are now displaying greater trust than ever before in the Internet. This means that, secondly, they are also increasingly willing to pay for online applications and solutions. In the long term, of course, faster transfer speeds and new technologies, such as UMTS (3G mobile communications), will add even greater impetus to market growth.

■ How can United Internet benefit from these trends?

DOMMERMUTH: By spearheading these developments. And we're in an excellent position to take on that role. We have established a formidable technological backbone with our development and innovation center in Karlsruhe. We can utilize well-established sales and marketing channels. We already cover a considerable chunk of the value chain for premium Internet services. And: since early 2002 we are also making profit. That means we have the financial strength to develop and implement new visions again.

Report of the Supervisory Board

The Supervisory Board of United Internet AG fulfilled its statutory duties and obligations during fiscal 2001.

The Management Board presented the Supervisory Board with a comprehensive written report every quarter about the state of business, the development of sales and the position of the Company. The Supervisory Board was also informed about intended business transactions, fundamental questions of business planning, the Company's profitability and the return on shareholders' equity. The reports were made available to all members of the Supervisory Board. On the basis of these reports on United Internet AG, the Supervisory Board was able to monitor all important business transactions and to provide advice where necessary.

In the past fiscal year the Supervisory Board was convened on February 28, April 2, May 9, July 31, September 26, November 6 and December 12, 2001.

The chairman of the Supervisory Board was also kept regularly informed by the Management Board on all business activities and gave advice on questions of business policy. The Supervisory Board did not form any committees.

As of December 31, 2001 Mr. Hans-Peter Bachmann, Erlenbach, Switzerland, resigned from the Supervisory Board of United Internet AG. As a result of this resignation the Supervisory Board no longer had sufficient members to form a quorum. In accordance with Sec. 104 (1) AktG, a court decision had to be taken to appoint a new member of the Supervisory Board until the end of the Company's next Annual Shareholders' Meeting. Mr. Michael Scheeren, who retired from the Management Board of United Internet AG as of December 31, 2001, was recommended as replacement by both the Management Board and Supervisory Board and was duly appointed by the Local Court of Montabaur as member of the Supervisory Board with effect from January 3, 2002.

The annual financial statements of United Internet AG, the consolidated statements according to US-GAAP and the joint management report for United Internet AG and the Group were audited by the auditing company elected by the Annual Shareholders' Meeting, KPMG Deutsche

Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt am Main, and were given an unqualified certificate. In accordance with the requirements of the German Business Monitoring and Transparency Act (KonTraG) the Company has developed its existing risk management system and adapted it to its changed structures. As part of its annual audit KPMG also analyzed key aspects of this system.

The annual financial statements of United Internet AG, the joint management report and consolidated financial statements were also inspected by the Supervisory Board. The chief auditor attended the relevant meeting of the Supervisory Board March 19, 2002 and reported on his findings. The Supervisory Board noted with approval the opinion of the chief auditor. Following the auditor's final inspection the annual financial statements are accepted as submitted. There were no objections. The Supervisory Board approves the annual financial statements of United Internet AG for fiscal 2001, as prepared by the Management Board on February 22, 2002 and as audited by KPMG. The annual financial statements are therefore adopted. The Supervisory Board approves the consolidated annual financial statements for fiscal 2001, as prepared by the Management Board on March 1, 2002 and as audited by KPMG.

The Supervisory Board would like to thank the Management Board and employees of United Internet AG for their successful efforts and commitment.

Montabaur, March 20, 2002

The Supervisory Board

Kurt Dobitsch
(Chairman of the Supervisory Board)

Chronicle 2001

FEBRUARY

Press and analysts' conference

After the exceptional growth rates of the previous years, the focus now lies on achieving profitability for the Group's affiliates. GMX signs a strategic partnership with TOMORROW Internet. The real estate portal ImmOnline fails to achieve a capital increase and files for insolvency. The online trading platform iTrade is sold.

MAY

Realignment presented

A realigned and re-focussed strategy is explained to the Annual Shareholders' Meeting:

The aim is to optimize and streamline the Group's portfolio of investments and to seek strategic partnerships for selected companies. Loss-making minority shareholdings are to receive no further finance. The new strategy marks the end of the Group's plans to establish a widespread network of Internet companies.

AUGUST

Shares sold

Equity interests in livingNet, cobion and Netzpiloten are sold. As inson and car4you fail to raise fresh capital, the online insurance broker and online car market both file for insolvency.

OCTOBER

End for gatrixx

The financial information service gatrixx files for insolvency.

NOVEMBER

Strategic partner for AdLINK

The entertainment platform ICAN is sold. A strategic partner for AdLINK is found in the New York-based company DoubleClick. All loss-making, non-listed minority shareholdings are written down to zero. This largely ends the Group's restructuring activities.

United Internet focuses on its core business and buys up the remaining shares in its profitable core companies: 1&1 Internet, twenty4help and GMX.

DECEMBER

Board changes

Michael Scheeren, United Internet's CFO with 11 years of service, changes to the Supervisory Board. Scheeren now works in a more strategic capacity for the Group and remains Chairman on the Supervisory Boards of key subsidiaries. Norbert Lang is appointed new CFO.

Executive Bodies of United Internet AG

Supervisory Board

Kurt Dobitsch

Chairman
entrepreneur, Baldham

Further seats on Supervisory Boards:

- 1&1 Internet AG, Montabaur
- AdLINK Internet Media AG, Montabaur (chairman)
- Bechtle AG, Gaildorf
- Finex AG, Finanzforum Ebersberg
- GMX AG, Munich (chairman)
- Nemetschek AG, Munich
- R+S AG, Denkendorf

Hans-Peter Bachmann

Erlenbach, Switzerland
(until December 31, 2001)

Bernhard Dorn

self-employed business consultant, Leonberg

Further seats on Supervisory Boards:

- ATOSS, Software AG, Munich
(deputy chairman)
- ce CONSUMER ELECTRONIC AG, Munich
- Colonia Nordstern Versicherungs Management AG,
Cologne
- IDG GmbH, Frankfurt
- SYSTEMATICS AG, Hamburg (deputy chairman)
- TDS Informationstechnologie AG, Neckarsulm
(deputy chairman)
- TLC GmbH, Wiesbaden
- twenty4help Knowledge Service AG, Montabaur

Management Board

Ralph Dommermuth

Affiliate management, Marketing

Norbert Lang

Affiliate management, Finance

Michael Scheeren

Finance (until December 31, 2001)
Since January 3, 2002 Member of the Supervisory Board
of United Internet AG

Richard Seibt

Affiliate management (AdLINK, twenty4help)

Share ownership (units)

Management Board

Ralph Dommermuth	25,239,905
Norbert Lang	198,000
Michael Scheeren	510,000
Richard Seibt	42,821

Supervisory Board

Hans-Peter Bachmann	-
Kurt Dobitsch	1,280,000
Bernhard Dorn	-

Subscription rights

Norbert Lang	
As of January 1, 2001	200,000
Addition	140,000
Disposal	200,000
As of December 31, 2001	140,000

Richard Seibt

As of January 1, 2001	500,000
Addition	350,000
Disposal	500,000
As of December 31, 2001	350,000

Fiscal Year 2001

Market Development

Management Report and

Consolidated Management Report

The United Internet Share

General market development

Interest in the Internet remains unbroken. Communication networks have become the basis for the globalization of modern business and now touch almost every aspect of human activity. According to the market research agency eMarketer, the total volume of e-commerce world-wide reached 550 billion dollars last year. Further exponential growth is expected for both B2B and B2C online sales in the coming years.

This continued boom in Web business stands in stark contrast to the dramatic fall in tech stock valuations and the bankruptcies of many, mostly young, market suppliers. The fact remains, however, that despite depressed stock market prices there has been no let-up in either private or commercial investment in the Internet and e-business—and this trend is expected to continue in the coming months.

A total of 44 % of all Germans now use the Internet. Approximately 450 million people around the world are online every day; and this figure is expected to rise to one billion by 2005. In the case of private users, high-performance broadband Internet connections have resulted in an increase in the amount of time people stay online and in the amount of services they are using. According to studies made by market research institute Gartner, the Internet was used to purchase goods worth over 25 billion dollars during the 2001 Christmas period—up 38 % on the previous year.

This underlines the fact that it is not only the absolute number of users and their online time which is rising fast. More important for the commercial success of the Internet is the fact that users are increasingly willing to pay for content and applications. Online market researchers Ears and Eyes, for example, calculated that about half of all Internet users are willing to spend 20 euros a month on fee-based Web content. This increased acceptance and usage of the Internet is already well-esta-

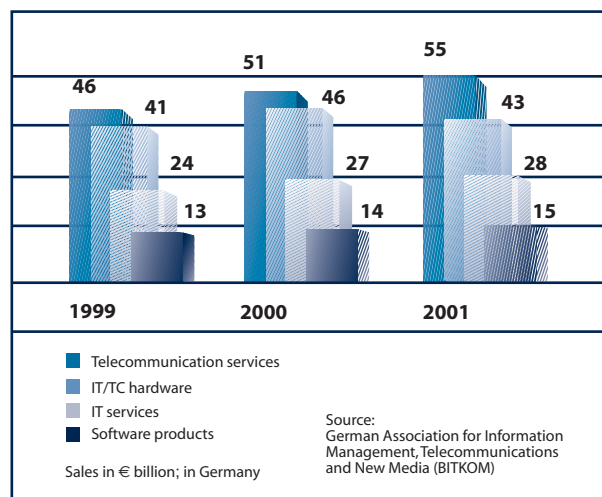
blished throughout the business world. Almost half of all companies now regularly do business on the Web – both for procurement purposes as well as for their own business processes. The Internet is increasingly taking on the role of the actual computer, allowing users to access their data from any chosen device and to share data with other users around the world. Although growth rates in the IT/TC sector may “only” have reached single figures last year, experts forecast further sustained growth with a shift in emphasis from hardware to IT services, system integration and training.

According to a study commissioned by Germany’s Federal Ministry of Economics, nine out of ten German businesses now have access to the Internet. 86 % of all German companies use e-mail and almost two-thirds have their own website. The study expects this positive development to continue. In 2003 almost every fourth German company will organize its complete business processes, including exchange of data with suppliers and customers, with the aid of electronic media. United Internet serves the various

segments of this growing market with companies such as GMX, 1&1 Internet or Schlund + Partner, a 100 % subsidiary of 1&1 Internet.

Throughout the world, companies are focussing more and more on Internet-based applications for all aspects of their business—from sales and procurement to areas such as the exchange of free capacity and customer relationship management. In order to guarantee smooth operation of such complex

systems, permanent support for customers and company staff will become increasingly important. A business can only maintain customer satisfaction and loyalty, if it can react swiftly and competently to solve any problems with its digital systems. United Internet subsidiary twenty4help already enjoys a strong position in this fast-growing sector. With the aid of a newly developed software tool, for example, twenty4help staff can log on to the user’s computer

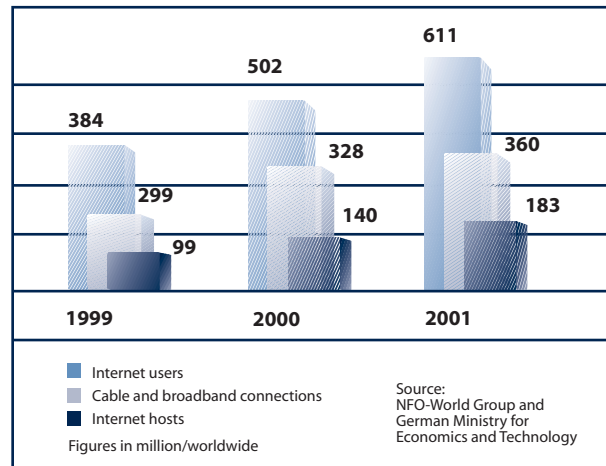


and solve problems directly online (Join4help).

With no end in sight to the current fast pace of technological development, the future belongs to such innovative support solutions. New transfer technologies and the continuing trend towards miniaturization are sure to add to the current complexity of digital systems. At the same time, the availability of broadband and mobile Internet access, as well as access via TV cable networks, will open up new mass markets for the Web. The use of cable modems and TV connections is certain to become an interesting alternative to the PC. Almost 290 million households around the globe had access to a TV cable network in 2001; in Europe, every fourth household has cable TV. New technologies will also accelerate the trend towards mobile Internet access, i. e. the use of cellphones to create wireless connections. An estimated 15 million Europeans are expected to be using mobile Internet access by 2004.

German and European companies currently lead the way in the field of wireless e-commerce and have established a clear competitive edge over the USA and Asia. Although there has been some disillusionment caused by the public discussion of UMTS licenses, nine percent of all businesses are already preparing online services which can be accessed via new 3G cellphones and handhelds. A large proportion of these companies are expecting to already generate revenues in the next one to two years with "m-commerce". The euphoria of the early Internet years may be gone, but the development towards an Internet economy and a networked world can no longer be halted. And on careful analysis, even the difficulties of the past months are nothing but a blip in this continuing megatrend.

The Internet of the future will still take some time to fully establish itself in the minds of consumers as an ordinary, everyday medium. Even then, it is not expected to replace other media, but to connect them in a more meaningful way so that mobile and terrestrial communication will eventually blend together. In the USA and Europe there are already two types of company which are emerging as the



winners of this development: small, highly-specialized businesses with clever niche-market products; and large, former Old Economy companies, which have re-invented their business fields with the aid of the Internet.

Following the terrorist attacks in the USA, the question of safety has become an increasingly important issue: rigidly hierarchical and centralized companies are extremely vul-

nerable during such periods of uncertainty. The trend will therefore be towards totally networked and interacting groups of companies, which will use the Internet as the basis for their business relationships. Such trends will place increasing pressure on manufacturers to provide more reliable and easy-to-operate IT solutions. In future, the key question will no longer be how to install faster systems, but how to leverage existing information technologies to achieve greater benefits. Following the recent "natural selection" process among high-tech companies, the remaining Internet players can look forward to a more optimistic future. The consolidation process has now reached an advanced stage and the market is ready for its next renaissance. It is now essential that Internet companies convince consumers of the benefits offered by their innovative and user-oriented services. Only then will consumers be willing to actually pay for such services. There are many signs which indicate that the Internet revolution is not over, but has only just begun. The global stock market meltdown and resulting consolidation process will be remembered as just a brief episode and a necessary experimentation phase in the history of the Internet.

Management Report and Group Management Report

The past year was a particularly significant period for United Internet in several respects. In early 2001 it became apparent that the stock market meltdown, especially with regard to Internet stocks, would not be short-lived but was, on the contrary, likely to be long-lasting and far-reaching. The crash was brought on by a realization that the business models of many young Internet companies could not fulfill the optimistic expectations placed in them. As a result, the capital markets turned their backs on such companies. At the same time, however, Internet revenues and user numbers continued to scale new heights as the Web's popularity was left unaffected by the crisis of the New Economy.

These events led United Internet to focus even more firmly on its core business and the continued expansion of its majority-share companies. At the same time, the Group streamlined its portfolio of minority shareholdings, concentrating solely on those companies which were both successful and in line with the Group's core business. We have therefore abandoned our original intention of establishing as wide a network of Internet companies as possible. Whereas we started the year with 16 members of the United Internet Group, there were just 9 operating companies by year-end—plus the three service companies.

United Internet already implemented this realigned strategy in the first six months of 2001 by either selling investments, finding new strategic partners for them, or—in those cases where the business model proved untenable—by withdrawing further financial support. In this way, the Group successfully optimized its portfolio and uncoupled itself from consistent loss-makers. Despite adverse market conditions, the Group was therefore able to maintain its growth momentum and steadily enhance operating returns from quarter to quarter.

By focussing on its core business, United Internet has been able to capitalize on the continued boom of the Internet while successfully weathering the stormy seas of the New Economy.

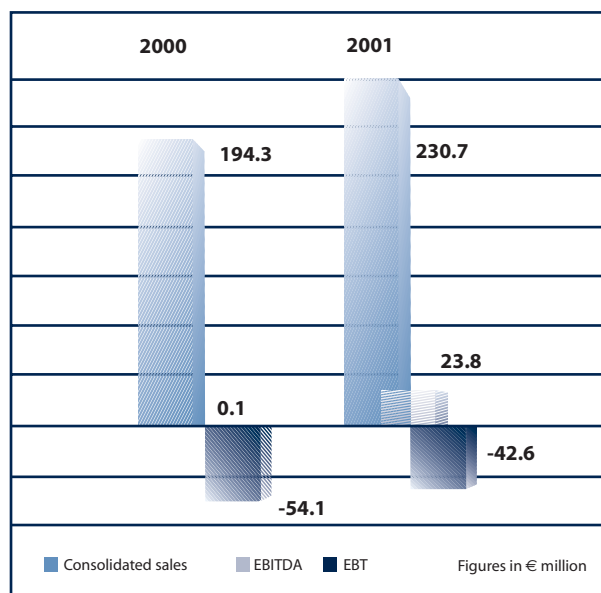
Consolidated Sales and Earnings

In the period under review, consolidated sales of the United Internet Group amounted to € 230.7 million, compared with € 194.3 million in the previous year. This growth in sales of 18.7 % resulted mainly from the success of Group subsidiaries 1&1 Internet AG (1&1 Internet) and twenty4help AG (twenty4help), while AdLINK AG (AdLINK) remained below expectations and prior-year sales figures.

Earnings before tax, interest, depreciation and amortization (EBITDA) grew to € 23.8 million, compared with € 0.1 million last year. This figure reflects, above all, the significant improvement in earnings of 1&1 Internet and twenty4help, as well as the successful turnaround of GMX AG (GMX). The vastly improved results of these companies helped to generate EBITDA of € 11.2 million (prior year: € -0.4 million) and pre-tax earnings (EBT) of € -2.7 million (prior year: € -23.0 million) in the fourth quarter of 2001. After eliminating restructuring costs of subsidiary AdLINK in this quarter and unscheduled good-

will write-downs totaling € -5.4 million, United Internet already achieved a positive EBT figure of € 2.7 million in the fourth quarter of 2001.

Consolidated EBT for the year amounted to € -42.6 million (prior year: € -54.1 million). There were two key factors which were decisive for this result: firstly, the write-down of € -23.6 million for minority shareholdings and loans, already undertaken on September 30, 2001 as part of the Group's portfolio stream-



lining program. With the exception of the listed company jobpilot AG, all loss-making investments were written down to zero. Secondly, the EBT result of subsidiary AdLINK amounting to € –21.9 million. The loss reflects the fact that AdLINK was unable to escape the effects of a collapse in European advertising spending.

Despite the speedy introduction of cost-cutting measures, the company's structures—which at the beginning of the year had been aligned to further growth—could only be adapted to a limited extent.

Sales and Earnings of the Parent Company

In the year under review the parent company posted sales of € 2.4 million (prior year: € 2.0 million). These revenues resulted mainly from services to subsidiaries, as well as from rental income.

Pre-tax earnings (EBT) totaled € –14.7 million, compared with € –22.1 million in the previous year. Key factors for this result were the previously mentioned write-downs on September 30, 2001 of all loss-making, non-listed minority shareholdings amounting to € 30.3 million. The existing profit and loss transfer agreements with val-U Marketing and A1, as well as the newly signed profit and loss transfer agreements of 2001 with twenty4help and 1&1 Internet, resulted in earnings from such profit and loss transfer agreements of € 24.2 million. In addition, twenty4help also paid a dividend of € 4.3 million to United Internet AG from its prior-year profits. Earnings were burdened, however, by a negative interest result of € –4.4 million (prior year: € –1.5 million), resulting from an increase in bank liabilities of € 15.6 million to € 86.1 million compared with year-end 2000.

These bank liabilities were significantly reduced in the first half of 2002 following the receipt of fiscal year 2001 earnings from profit transfer agreements and the proceeds from the sale of shares in AdLINK AG to Double-Click in February 2002.

Capital Expenditures

In the past fiscal year, the United Internet Group invested € 43.5 million in new non-current assets. This total included € 28.7 million for intangible assets (including goodwill) and property, plant and equipment, as well as € 14.8 million for acquired shares and loans to associated companies and their shareholders. By far the largest

addition to tangible and intangible assets concerned the Group's subsidiary 1&1; smaller amounts resulted from twenty4help, AdLINK, GMX and other companies. The investments mostly served to expand the technical infrastructure with IT components, such as servers, routers or switches, as well as to establish new locations.

Core Companies

In November 2001 we bought back the management shares in 1&1 Internet, GMX and twenty4help, and now own 100 percent of the equity interests in these companies. The acquisition was effected by a non-cash contribution of the management shares for the issue of 5.2 million new United Internet shares. In fiscal year 2001, United Internet AG signed profit transfer agreements with its profitable subsidiaries: 1&1 Internet and twenty4help.

The Group's core companies, 1&1 Internet, twenty4help and GMX, all made very good progress in fiscal 2001.

1&1 Internet raised both sales and earnings significantly in 2001. By focussing clearly on its subscription customers and fee-based value-added services, 1&1 was able to record a further year of strong growth. At year-end 1&1 Internet had contracts with almost 1.5 million registered customers. Growth was particularly strong in the field of web hosting. In Germany, 1&1 subsidiary Schlund + Partner remained the clear market leader for Web domains, with 1.7 million ".de" domains and a market share of 34 percent. Schlund + Partner now hosts over 2.3 million domains and is already ranked fourth on the global market. A strong consolidation phase among web hosting suppliers in mid-2001, coupled with the launch of a new product generation, enabled 1&1 to reform its tariff system and thus raise earnings once more.

twenty4help also continued to make good progress in the past year with improvements in both sales and earnings. With growth in sales of 18 %, the company easily outperformed the majority of its market competitors. As an outsourcing expert for customer support in the field of digital systems, twenty4help has strategically positioned itself as the human interface between new technologies and their users. The company can draw on its many years of expertise in complex IT/TC environments. Despite occasional dips in revenues during the year, twenty4help was able to defend its market position in both its business segments—Vendor Services (technical hotline outsourcing services and sales support) and Corporate Services (user-help-

desk outsourcing). In addition to the aforementioned growth in sales, earnings also benefited from a rigid cost management program and in particular from an ongoing adaptation of human resources to constantly changing needs.

Both 1&1 Internet and twenty4help made good progress with their strategic international alignment policy. twenty4help opened new offices in Newcastle-upon-Tyne and Edinburgh, which both reached profitability in 2001. 1&1 also offers its services from sites in London/Great Britain and Sarreguemines/France.

The turnaround at GMX was the result of a realigned strategy launched at the beginning of the year. The aim was to develop GMX into a communication portal. The cooperation agreements and fee-based services launched as part of the new strategy had a significant impact on earnings. At the same time, the company also succeeded in reducing costs, so that it was already posting positive EBT results in the fourth quarter of 2001. The company now plans to achieve breakeven for the year as a whole in 2002.

AdLINK Internet Media AG, however, failed to escape the consequences of a depressed advertising market in 2001, posting declining sales and high losses. On November 12, 2001 negotiations with the US company DoubleClick Inc. to form a strategic partnership with AdLINK, were brought to a successful conclusion. In late January 2002, AdLINK acquired the media business of its competitor DoubleClick for € 32.8 million, as well as accepting financial liabilities towards other members of the DoubleClick Group amounting to € 5 million. AdLINK also accepted restructuring and consultation costs totaling € 3.75 million.

The acquisition has greatly enhanced AdLINK's prospects of success, as it brings the company within grasp of the critical mass needed to reach profitability. For the current year the company expects to post a balanced EBITDA result, after adjustment for restructuring charges.

In addition to the aforementioned acquisition, United Internet AG also signed an option agreement with DoubleClick Inc. and its subsidiary, DoubleClick Media Europe Limited, British Virgin Islands. Under the terms of this agreement, United Internet AG is entitled to sell 3,862,500 AdLINK shares (corresponding to 15 % of AdLINK's current capital stock) to DoubleClick Media Europe Limited (hereinafter referred to as the "put option"). Should United Internet AG exercise its put option,

DoubleClick Media Europe Limited receives a call option for a further 5,407,500 AdLINK shares (corresponding to 21 % of AdLINK's current capital stock). If the put option is exercised, DoubleClick Media Europe Limited is obligated to transfer a purchase price of € 35.5 million. However, should the call option be exercised—subject to AdLINK achieving agreed profitability criteria—DoubleClick Media Europe Limited is not required to pay any further purchase price. The AdLINK shares on which the call option is based, are to be transferred as security to a trustee as soon as United Internet AG exercises its put option, in order to safeguard the later transfer rights of DoubleClick Media Europe Limited.

With a declaration of January 31, 2002 United Internet AG exercised its put option and transferred 3,862,500 AdLINK shares to DoubleClick Media Europe Limited and 5,407,500 AdLINK shares to the trustee, Contor Treuhandgesellschaft mbH Wirtschaftsprüfungsgesellschaft, on February 8, 2002. In return, United Internet AG received a purchase price of € 35.5 million.

On November 12, 2001 United Internet AG, DoubleClick International Advertising Limited, Ireland, and AdLINK also signed a business combination agreement. Under the terms of this agreement, should United Internet AG exercise its put option, it is obligated under the option agreement to make a voluntary public purchase offer in the Federal Republic of Germany for up to 37.13 % of each AdLINK shareholder's shares at a price of € 3.83 per share.

With this offer, United Internet AG intends to give each external shareholder of AdLINK the opportunity to sell their AdLINK shares in the same proportion and at the same price as United Internet's sale of AdLINK shares to DoubleClick Media Europe Limited in the case of the call option being exercised.

Minority Shareholdings

In the past business year United Internet concentrated on streamlining and optimizing its portfolio of minority shareholdings. The Company sold its minority interests in cobion, ICAN, iTrade, livingNet and Netzpiloten. Against a backdrop of deteriorating market conditions, the car exchange car4you, the financial portal gatrixx, the real estate portal ImmOnline and the online insurance broker inson were unable to reach the desired breakthrough. Trading of these companies was terminated and further financial support withdrawn.

As of December 31, 2001 the United Internet Group still owned minority interests in the following companies: fun communications GmbH (shareholding: 33.33 %), jobpilot AG (shareholding: 25.58 %), Metropolis AG (shareholding: 38.53 %), NT plus AG (shareholding: 39.23 %) and preisauskunft.de AG (shareholding: 42.90 %).

At the beginning of 2002 we sold our equity interest in preisauskunft.de AG.

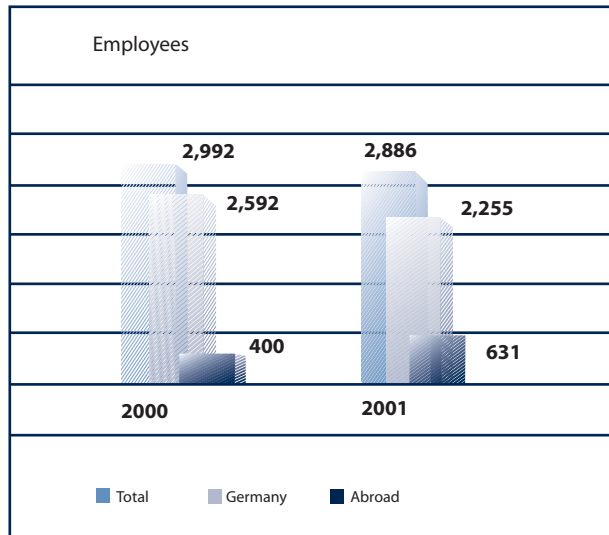
Adecco AG has announced its intention to acquire jobpilot AG for strategic reasons by means of a compulsory offer to all shareholders of jobpilot AG at a price of € 5.30 per share. We intend to accept this offer and to sell our total shareholding in jobpilot AG. We also intend to sell our share in NT plus AG in due course. To this end, we are already searching for a suitable strategic partner.

The remaining minority shareholdings complement our core business segments and will therefore remain within the Group.

Cooperative Services

In order to support and promote the growth of our subsidiaries, United Internet AG owns three service centers, which work in part directly on the market and in part as service companies for the marketing activities of the United Internet Group. These companies are: A1 Marketing, Kommunikation und neue Medien GmbH, Montabaur, val-U Marketing GmbH, Montabaur, and MIP Multimedia Internet Park GmbH, Zweibrücken (MIP). As a service company A1 is responsible for media buying and production for the entire United Internet Group, enabling it to achieve considerably improved conditions in these fields. val-U Marketing has been offering its cooperative marketing services for 14 years now.

These include, for example, the two cooperative trade fair projects, Internet-Park and CeBIT-Special. MIP is the result of a joint initiative of United Internet AG and the German Federal State of Rhineland-Palatinate. The aim of the project is to attract and support multimedia and Internet start-up companies to the Zweibrücken region. Despite adverse market conditions and the current difficulty to raise venture capital—two factors of particular importance to young Internet start-ups—MIP once again maintained almost 90 % capacity utilization throughout 2001. In the meantime, the company has created a center of



excellence, which has attracted almost 60 companies with as many as 700 employees since opening in 1998.

Personnel

At year-end 2001 the United Internet Group employed 2,886 people. This figure was almost unchanged from last year (2,992). In Germany, the number of full-time staff fell to 1,704 (prior year: 1,913), while part-time staff fell to 551 (prior year: 679). A total of 631 (prior year: 400) staff were employed outside Germany at year-end 2001. A total of 61 trainees and apprentices were employed by the United Internet Group in 2001.

The success of the whole United Internet Group is determined to a large extent by the commitment of its staff and their willingness to continually adapt to changing needs. We would like to take this opportunity to thank all staff for their dedication and tremendous efforts during fiscal 2001.

Risks of Future Business Development

United Internet's business activities gained considerably in substance and stability over the past year. We paid tribute to the inherent risks of our minority shareholdings by rigorously streamlining our portfolio and writing down investment values. We will use the proceeds from the sale of investments—contractually agreed in early 2002 and in part already realized—to substantially reduce our bank borrowings and thus significantly improve the equity balance sheet structure of United Internet AG.

In accordance with the requirements of the German Business Monitoring and Transparency Act (KonTraG) the Company established a risk management system to identify, evaluate and control business risks. With the aid of its comprehensive reporting and early-warning system, the Company can now recognize potential dangers and risks to the Company's further existence at an early stage and introduce measures to counter such risks.

United Internet's remaining core business is stable in both its business-to-business and business-to-consumer segments: twenty4help has been providing its clients with support services for many years, 1&1 Internet offers fee-based hosting and value-added services to its subscription customers. In both cases, it is unlikely that the market or the company's sales will suddenly collapse. At the same time, the market entry barriers for new suppliers have continued to rise. After spending several years establishing and expanding its innovation and computer center in Karlsruhe and developing its ASP product range with Microsoft, 1&1 enjoys a significant technological edge over its market rivals. The same applies to twenty4help, which succeeded in sharpening its market profile with new Internet-based support solutions and a technology center in Görlitz.

Despite all these efforts though, as a service provider United Internet remains dependent on the general economic climate and technical developments on the Internet market. This is the basis for the risks faced by our Company. In the case of twenty4help, for example, we were hit hard by the economic downturn in early 2001 and by the general difficulties experienced by IT and TC companies. Should the market continue to suffer, the willingness of our customers to continually invest in support may begin to decline. The growth rates of 1&1 and GMX might also decelerate or come to a halt.

One condition for the success of United Internet is the wide acceptance of, and demand for, digital systems in general, and the Internet in particular. Should there be strong rejection or a decline in trust, this might also negatively impact the business of United Internet. There are also possible risks from successful attacks on the technical infrastructure of companies belonging to the United Internet Group. Even though we have taken all imaginable precautions to guarantee the safety and availability of data, there remains at least a (theoretical) risk of damage being caused, e. g. by hackers.

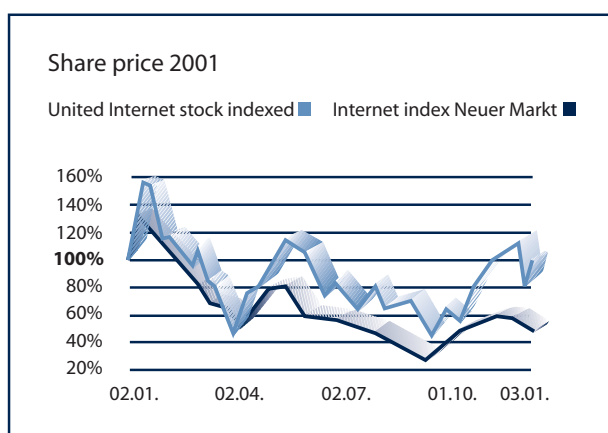
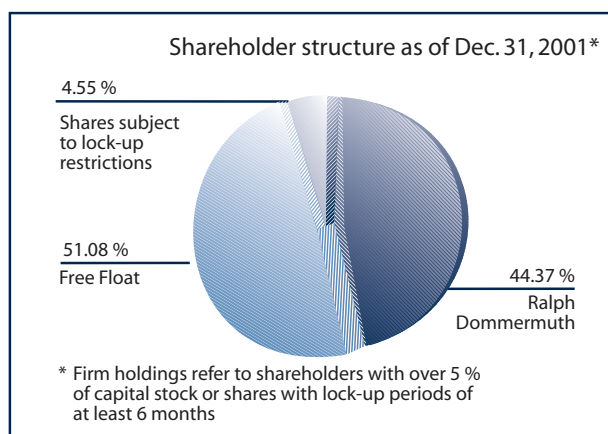
The integration of the European media business of DoubleClick acquired by AdLINK represents a tremendous challenge at all levels. Achieving the declared targets will depend to a decisive extent on whether the integration of personnel and technical equipment can be both speedily and successfully effected.

Outlook

United Internet has emerged as one of the winners from the market consolidation and streamlining process which started in mid-2000 and is still continuing today. Due to our enhanced focus, we have left this phase of our development leaner and stronger than before and are now re-assessing the Group's strategic alignment, structure and image. On the basis of our current core business fields and the experience gathered over the past two years, we are currently drafting a long-term vision and strategy for the future. We aim to have completed this process and to be able to announce United Internet's next steps by mid-2002. In fiscal 2002 we expect to achieve a sound and stable level of growth with clearly positive earnings for the Group as a whole.

Better than the Market

The market price for United Internet shares clearly illustrates the first positive impact of the Group's realignment and portfolio streamlining in 2001. In the first quarter the share was still caught up in the general downward pull of the market. Following the Group's disposal of its loss-making minority shareholdings, however, United Internet stock began to clearly outperform the Nemax-All-Share and Nemax Internet indices from the second quarter onwards. Analysts praised the Group's turnaround strategy as the "right course of action", confirmed a "positive trend" and recommended investing in United Internet AG shares. After reaching a year-high of € 6.90, the share finished the year at € 4.40—slightly up on its year-end price of 2000.



Stock	2001	2000
Year-end price	4.40 €	4.30 €
Book value per share*	1.37 €	1.78 €
Earnings per share*	-0.63 €	-0.87 €
Number of shares	56.88 million	51.68 million
– of which not yet registered shares	3.3 million	
Market capitalization	235.7 million €	222.2 million €

Stock facts

Share type:	Registered common stock with a notional share of capital stock of € 1.00 each.
Stock code (SIN):	508903
Issuing price:	4.09 €
Symbol:	EIE3
Stock exchange:	Frankfurt (Neuer Markt)
Indices:	Nemax 50, Nemax All Share

* 2000 figures adjusted for capital increase

Group Companies

1&1 Internet

twenty4help

GMX

AdLINK

jobpilot

Minority Shareholdings



1&1 Internet AG

1&1 Internet AG is a leading Internet provider for SMEs and professional home users. Its product range comprises Internet access and value-added services, such as websites, e-shops, office solutions and unified messaging.

Customer contracts: 1.5 million

Hosted domains: 2.3 million

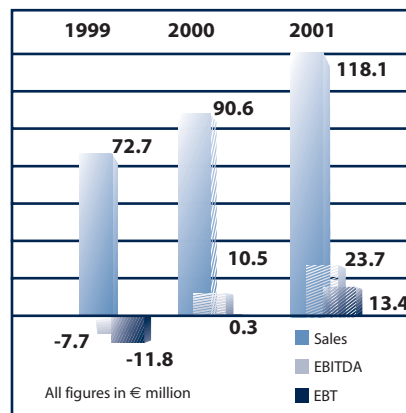
Shareholding: 100 %

www.einsundeins.com - www.schlund.de

Profitable Growth

1&1 Internet is a leading European Internet access provider with the world's largest number of customers for Web hosting. The company provides consumers, businesses and self-employed people with a wide range of online applications. The product range comprises Web hosting (websites, domains, online shops, e-commerce) and Internet access as well as complete Internet solutions with unified messaging and personal information management. 1&1's own products are complemented by targeted bundlings with third-party products, such as software for the design of Web pages and fast broadband connections of Deutsche Telekom. All products are operated from the 1&1 Group's high-performance computer center in Karlsruhe, where over 100 software and hardware specialists work on the development of innovative services and products.

Together with its subsidiary Schlund + Partner, 1&1 offers one-stop solutions for the operation of websites, including extensive marketing services, e-mail support and a toll-free hotline. The company is authorized by the Internet Corporation for Assigned Names and Numbers (ICANN) to register international domains with the suffixes .com, .net, .org, .biz and .info.



Quarterly development in € million

	Q1/01	Q2/01	Q3/01	Q4/01	Q4/00
Sales	26.4	26.7	27.5	37.5	25.1
EBITDA	3.2	4.7	6.8	9.0	4.9
EBT	0.9	1.7	4.3	6.5	1.2

With its consolidated subsidiaries Schlund + Partner and 1&1 Puretec, 1&1 raised sales by 30 % to € 118.1 million in 2001 (prior year: € 90.6 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) improved from € 10.5 million to € 23.7 million, while pre-tax earnings (EBT) reached € 13.4 million (prior year: € 0.3 million).

Business development

A key contributor to the Group's excellent earnings was the field of Web hosting. 1&1 succeeded in extending its market share – and market leadership – for newly registered domains to over 34 %. The number of private and commercial domains hosted by the 1&1 Group rose dramatically from around 1.4 million at the beginning of 2001 to 2.3 million by the end of the year. The consolidation phase among Web hosting suppliers, which began in mid-2001, was used by 1&1 to launch its new generation of products and a revision of its tariff structure. These measures resulted in a considerable improvement in the company's earnings.

The company's international expansion program launched last year made good progress, especially on the UK market. Based near London, the UK subsidiary 1&1 Internet Ltd. now ranks seventh with regard to new registrations of

the .uk domain. Measures to recruit additional staff have already been launched. Plans to expand the company's French subsidiary have been put on hold for the moment. A fresh surge in demand is not expected until the new European top-level-domain .eu is introduced.

In the field of Internet access, cut-throat competition among call-to-call providers in fiscal 2001 resulted in the expected consolidation of the market. With a strategy based on customer subscriptions and value-added services—in contrast to call-to-call suppliers—1&1 was able to capitalize on the aftermath of this price war. By year-end the number of customers had grown by 58 % from 230,000 to over 364,000.

The market launch of new Internet shop software—another of the company's own developments—was well received. In its first year on the market almost 5,000 complete shop solutions for SMEs were sold.

In the first quarter of 2001, 1&1 acquired a strategic holding of 41.0 % in Sedo GmbH, Germany's largest domain exchange with 1.6 million addresses. The company's trading platform is used by domain owners and webhosting customers to inspect and purchase Internet addresses. Sedo charges a commission for this service as well as for providing expert reports on the value of domain names. The move has extended 1&1's coverage of the value chain for private and commercial Internet addresses.

In March 2001, the second extension phase of the computer center in Karlsruhe was put into operation. By more than doubling capacity, the center provides the basis for sustained dynamic growth—especially in the premium segment of the server market. Further expansion of capacity has already been started and will be available from 2003 onwards.

The trend towards consolidation among Internet companies in the past year gave 1&1 subsidiary Schlund + Partner the opportunity to strengthen its own market position. While major rivals, such as global market leader NSI, stagnated or lost market share, Schlund + Partner continued to post growth of over 30 % in the second half of 2001.

Schlund + Partner is now the only European player among the world's ten largest Internet domain registration companies. At the end of 2001, Schlund + Partner ranked ninth in the global CNOBI statistics with over half a million of the world's 30 million available Internet addresses. In Germany, the company is the clear market leader with 1.7 million .de domains and a 34 % share of all new registrations. Schlund + Partner hosts a total of over 2.3 million domains and is thus already the world's fourth largest player.



2001 saw the successful launch of new top-level-domain (TLD) products. The new TLD exclusively for companies “.biz” was already used in 472,433 addresses world-wide by year-end. Schlund + Partner accounted for 23,833 of this total. This success was exceeded by the launch of “.info” domains. For the first time, the global market leader and former monopolist NSI failed to take the lead, achieving a market share of just 8.5 %. With a share of 14 %

(94,334 domains) Schlund + Partner established itself as the world's leading registration company for .info-domains in 2001.

Schlund + Partner also benefits from the launch of new domains through its investment in Afilias, which was raised to 8.6 % last year. Afilias LLC is responsible for administering the new .info TLD as a franchisee of ICANN.

Outlook

With Application Service Providing (ASP), 1&1 provides users with standard software such as Internet shops or office solutions. Microsoft chose 1&1 Internet AG as the first European partner for its Exchange Carrier Model within the ASP license program. Further joint ASP solutions are already in the pipeline and expected to be introduced in the first half of 2002. In the current year 1&1 also plans to establish a sales network in Austria and Switzerland via its e-commerce portal 1und1.com.



twenty4help Knowledge Service AG

Europe's leading supplier of support services for users of digital systems and Internet portals.

Locations in Germany, the Netherlands, Great Britain and Sweden.

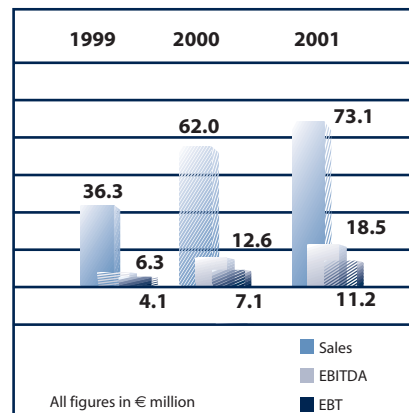
Shareholding: 100 %

www.twenty4help.com

Improved profitability

As an expert for user support in the field of digital systems, twenty4help has established itself as a leading outsourcing partner for major corporations. The company operates seven international customer interaction centers (CIC) and has positioned itself as the human interface between new technologies and their users. twenty4help can significantly increase the availability of digital systems for users, allowing companies to fully utilize the benefits of various information technologies and thus enhance their competitive edge.

In its "Vendor Services" segment (technical hotlines), twenty4help provides technical support for customers of international market leaders in the field of information technology and communication systems. In addition to technical service for hardware and software questions, the company also takes on customer care responsibilities, including customer relations management (CRM) and on-site technical repairs by third-party companies. The "Corporate Services" segment (user helpdesks) comprises support services for specific user groups in connection with the use of personal computers in the workplace. Many major industrial, commercial and financial corpora-



Quarterly development in € million

	Q1/01	Q2/01	Q3/01	Q4/01	Q4/00
Sales	20.6	18.0	17.0	17.5	18.1
EBITDA	4.3	3.9	4.3	6.0	4.1
EBT	2.5	2.1	2.4	4.2	2.0

tions have outsourced their technical support for staff, dealers, agencies and other associates to twenty4help. All service hotline queries are answered around the clock either via telephone or the Internet.

twenty4help posts record earnings

Despite adverse market conditions, the twenty4help Group can look back on a successful fiscal year 2001. The Group generated sales revenues of € 73.1 million, up 17.9 % on the previous year (€ 62.0 million), and continues to exceed market-average growth. At € 18.5 million, EBITDA was 46.8 % up on last year (€ 12.6 million). The company's profitability benefited from rigorous cost management and a further decline in the proportion of fixed costs. Pre-tax earnings (EBT) rose from € 7.1 million last year to € 11.2 million.

In 2001 twenty4help continued to pursue its strategy of international expansion. The company opened two new CICs in Great Britain (Newcastle-upon-Tyne and Edinburgh), which already generated sales of € 4.2 million in their first year. The company's Dutch subsidiary almost doubled sales to € 11.1 million, while twenty4help in Sweden boosted revenues by 13.3 % to € 5.9 million. twenty4help has now established itself in eastern Europe as a major provider of support services.

At its CIC in Görlitz, the company's agents operate technical hotlines for the Czech and Polish markets of an international printer manufacturer. twenty4help provides support in twelve different languages and plans to expand this figure in the coming years.

Apart from expanding its international activities, twenty4help also succeeded in gaining numerous global market leaders as new customers in 2001. In the field of hotline support, twenty4help has already been working with one of the world's largest ISPs since 1995. Newly acquired contracts also include taking on back-office operations, changing technical and commercial hotlines to a single multi-skill hotline and expanding 24-hour services.

During the past year twenty4help was commissioned by one of Germany's largest Linux distributors to take over part of its hotline services. The company's Corporate Services division also took over the former internal user helpdesks of several leading PC and printer manufacturers. twenty4help operates on the basis of such sub-contract agreements in Sweden, Finland, the Netherlands and Germany.

Company strengths

In 2001 twenty4help laid the basis for further successful years of business. The company's own team of experts developed a series of cutting-edge, Internet-based support solutions which underline twenty4help's innovation leadership. With its "join4help" concept, the company offers its customers a solution whereby support specialists can directly log onto the user's desktop via the Internet.

A further strength of twenty4help is its highly developed computer-telephone-integration system (CTI). The company works exclusively with such leading CTI companies as Genesys, Remedy, Cisco, Compaq, Lotus, Microsoft, Nortel, Novell and Sun Microsystems. The company's own IT specialists also integrate customized tools such as Remedy or Lotus Notes. Further development of the connection platform Genesys has enabled twenty4help to create the basis for a virtual CIC. In order to guarantee the high quality of its support in future, twenty4help has

been certified according to the latest DIN EN ISO 9001:2000 standard. This quality standard requires even more stringent and detailed documentation of all processes, for example, in order to allow the company to recognize and remedy problems at a much earlier stage.

The company's success is based to no small extent on its almost 1,800 employees. twenty4help constantly enhances the skills of its staff with a wide range of training measures.



Outlook

In general, the Internet continues to grow in importance as a communication and support platform for IT services and CRM. This trend towards media-independent customer interaction centers represents a considerable challenge, above all for classic call centers, to merge their entire communication channels. With its self-developed tools, twenty4help has already harnessed the Internet as a medium for convenient and secure live

services on the computer of those seeking help. The company is therefore in an excellent position to benefit from future market developments. As an innovation leader in many areas, twenty4help has laid the foundation for continued healthy growth. In 2002 twenty4help will once again expand its international presence. In addition to increased marketing activities and expansion of the company's sales network in Scandinavia, the Netherlands and Great Britain, twenty4help aims to develop the Spanish, Italian and French markets. The company therefore expects to achieve solid growth with stable rates of return also in the coming years.



GMX AG

With over 11 million accounts and up to 14,000 new registrations every day, GMX AG is Germany's leading supplier in the field of Personal Information Management. The company also provides integrated e-commerce and content as well as one-to-one marketing platforms with banner advertising for closed user groups.

Page impressions: 442 million

Visits: 100 million

Shareholding: 100 %

www.gmx.net

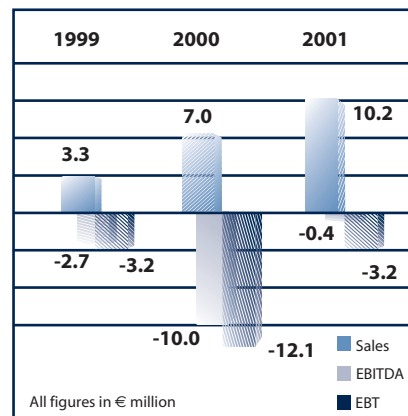
Turnaround achieved

In fiscal 2001 GMX cemented its position as one Germany's mostly widely accessed Internet sites, according to the calculations of market research institute IVW. GMX has now been consistently among Germany's leading IVW-recorded sites since April 1999.

The number of users rose from 7.7 million accounts at the end of 2000 to over 11 million—representing year-on-year growth of almost 40%. Due to the introduction of postal address verification for new users, growth was somewhat down on the previous year but the quality of user addresses rose significantly. This enhanced user data had a positive impact on online marketing and opened up new sources of revenue in the field of address list marketing.

New cooperation partners

With a host of new cooperation partners, GMX developed into an all-round communication and information portal in 2001. In selecting its new partners, GMX focuses on the amount of e-commerce sales and the increase in hit rates which the new partner can help generate. In fiscal 2001, sales of GMX rose by 45% to € 10.2 million (prior year: € 7.0 million).



Quarterly development in € million

	Q1/01	Q2/01	Q3/01	Q4/01	Q4/00
Sales	1.6	2.1	2.6	3.9	2.1
EBITDA	-1.8	-0.3	0.1	1.6	-4.7
EBT	-2.4	-1.0	-0.6	0.8	-2.9

The proportion of sales from firm, medium-term cooperation agreements was raised once again. In 2001 the company signed a number of affiliate marketing deals with companies such as Tomorrow Focus, eBay, webmiles, paybox, Tipp24 and emnid Online-Marktforschung. In the site's Travel channel, for instance, GMX customers can now choose from a wide range of package holidays, last-minute trips, flights and hotels as well as specialized wellness, adventure and language learning holidays. This range of products was put together in cooperation with six partners, including online travel service lastminute.com, Hotel Reservation Service (the world's largest booking service), language holiday specialist LISA! Reisen, weather information service ElectricWeather, ticket provider getgo.de and the German postal service's shopping portal eVITA. Despite adverse market conditions, GMX succeeded in raising online advertising revenues.

Earnings also made good progress in 2001: EBITDA improved to € -0.4 million (prior year: € -10.0 million), while pre-tax earnings (EBT) reached € -3.2 million (prior year: € -12.1 million). This successful turnaround is most clearly illustrated by the company's EBT result in the fourth quarter. As of October 2001, GMX posted a positive EBT and thus achieved the target it had set itself. The foundation for this turnaround at GMX was laid earlier in the year

with the company's strategic decision to transform GMX into a comprehensive communication portal. The cooperation deals and new fee-based services had a strong impact on earnings. In 2002, GMX aims to break even over the fiscal year as a whole.

The reduction in costs was brought about by achieving better purchasing conditions while reducing marketing expenditure. Traffic costs, in particular, were greatly reduced as a result of more favorable purchasing terms. The reduction of free text messaging services also played a role in enhancing profitability.

GMX operates two computer centers with over 350 linked servers and a storage capacity of 10 terabytes, as well as redundant Internet connections of over 1,000 MBit/s. With the expansion of this infrastructure the company has gained sufficient capacity to handle complex communication requirements.

By developing into an all-round communication and information portal GMX has laid the foundation for further growth in revenues from online advertising and e-commerce. New and innovative online advertising formats featuring exclusive placements will open up new opportunities for the platform in the promising field of one-to-one marketing. The expansion of fee-based services for e-mail, messaging, domains and home pages will also provide new sources of revenue. A combined product structure of four basic tariffs (including free services) together with additional fee-based functions will form the basis for the further development of billed consumer services.

Just four months after its launch, for example, the company's exclusive e-commerce service GMX Best Price had already established itself as a firm feature of the GMX range. The channel offers GMX members new and attractive products in regular intervals at especially low prices—often 20 % and more below recommended retail prices.

In-house marketing and cooperation with AdLINK

As of April 1, 2002 GMX reassumed responsibility for the marketing of GMX Network. The cooperation agreement with previous marketing partner Tomorrow Focus was

limited to one year and not continued for strategic reasons. GMX is currently expanding its own sales team, which had previously been responsible for cooperations and the GMX channels. Whereas GMX's sales efforts will focus mainly on the advertising industry, new marketing partner AdLINK Internet Media AG will concentrate more on international and innovative media agencies. The cooperation between GMX and AdLINK also utilizes synergy potential among United Internet's core companies.

With its multitude of possibilities for managing personal and high-quality information as well as e-commerce services across a wide range of topic channels, GMX has become a virtual Internet home for millions of users. Its unbeatable reach, validated user data and creative advertising formats will ensure that GMX remains first choice for targeted online marketing.

On April 1, 2002 GMX extended its media services for advertisers by introducing new formats and placement possibilities for online advertising. The site's standard

online formats have been enhanced by the addition of pop-up and DHTML banners. In addition, GMX offers advertisers new and innovative specialty formats aimed at catching and holding the attention of GMX members. These include, for example, exclusive session sponsoring, whereby a GMX member only sees advertising of the respective session sponsor from logging on to logging off. With "PersonalAd," GMX will also allow advertisers to personalize their banner messages in future.



AdLINK

Internet Media AG

AdLINK Internet Media AG

AdLINK Internet Media AG provides advertisers with digital communication solutions for the realization of their Internet marketing concepts. Partners include high-profile websites, such as ATP Tour, Euronews, GMX, La Tribune, Le Figaro, Der Standard, Real Madrid and Yahoo Sweden.

At year-end the company had a marketing volume of 8 million newsletter subscribers and 10 million e-mail addresses.

Page impressions: 1,200 million, Websites: 625

Shareholding: 62.27 %

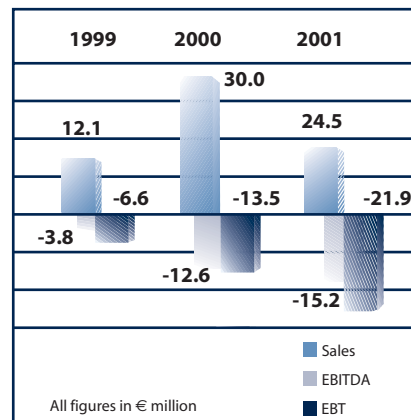
www.adlink.de / www.adlink.net

Growth through acquisitions

In the past fiscal year AdLINK was unable to escape the impact of a weak economy and the strong decline in online advertising. It did succeed, however, in extending its advertising client base. International corporations in particular were keen to use AdLINK for their European advertising campaigns.

Due to the market collapse, sales fell from € 30.0 million last year to € 24.5 million (-18 %). AdLINK generated 82 % of sales in the field of Branding Solutions; the remaining 18 % were contributed by the segments Direct Marketing and Permission Marketing Solutions. The trend towards higher-margin Direct and Permission Marketing products will accelerate in the coming years to become one of the company's major sources of revenue.

Earnings before interest, taxes, depreciation and amortization (EBITDA) were down somewhat on the previous year at € -13.1 million (prior year: € -12.6 million). Pre-tax earnings (EBT) amounted to € -21.9 million, compared with € -13.5 million last year. In addition to the decline in general



Quarterly development in € million

	Q1/01	Q2/01	Q3/01	Q4/01	Q4/00
Sales	7.0	6.2	4.3	7.0	10.7
EBITDA	-4.3	-4.2	-4.4	-2.3	-5.5
EBT	-4.5	-4.4	-4.8	-8.2	-5.4

advertising expenditure, earnings were also burdened by one-time restructuring charges (€ 2.1 million) and non-scheduled depreciation (€ 5.0 million), especially for goodwill of acquired companies.

AdLINK used the market's consolidation phase to make further acquisitions. The company acquired the client base of the Norwegian, Danish and Swedish subsidiaries of Scandinavian-based marketing company Netpool International. With its acquisition of Netplus BV in the Netherlands in March 2001, AdLINK succeeded in establishing itself on the Dutch market. The most decisive step for the company's future development, however, was the acquisition of DoubleClick Inc.'s European media business, which was finalized in the first quarter of 2002.

In view of the current market slump, AdLINK expects only slight growth of 5 to 15 % for the current year. The acquisition of DoubleClick, however, has provided the company with the necessary critical mass to achieve EBITDA profitability in 2002 (before restructuring charges). On the basis of its size, international reach, successful products and market experience, AdLINK expects to achieve its planned turnaround in 2002.



jobpilot AG

jobpilot, Europe's Internet-based job market, went online in 1995 and is now represented in 14 European nations. In addition to classic job vacancy and job search advertising, jobpilot also offers innovative services in the field of career planning and personnel recruitment.

Clients include all of Germany's blue chip DAX-30 companies and 21 members of the EuroSTOXXsm index.

1.7 million registered users

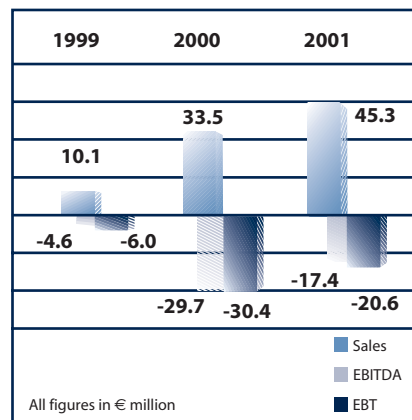
Shareholding: 26 %

www.jobpilot.com

100 % increase in user figures

Despite an increasingly difficult market environment, jobpilot continued to grow in fiscal 2001 and has now established itself as one of Europe's leading job portals. The number of registered users doubled from 840,000 at year-end 2000 to 1,700,000 at the end of fiscal 2001. The jobpilot site was viewed over 434 million times last year and reached a peak of 132,000 vacancies. At the same time, the number of users actively seeking new employment rose to well over 165,000.

With an increase in annual sales of 35 % to € 45.3 million (prior year: € 33.5 million), the company was able to strengthen its position on a somewhat weaker recruitment market. In comparison to print media adverts, for example, jobpilot was less affected by the overall decline in recruitment advertising. In the second and third quarters, however, Group sales fell somewhat before recovering again in the fourth quarter. Towards the end of the year there was a marked increase in new orders again.



Quarterly development in € million

	Q1/01	Q2/01	Q3/01	Q4/01	Q4/00
Sales	13.2	12.3	10.1	9.7	11.2
EBITDA	-5.4	-6.4	-5.4	-0.2	-8.4
EBT	-5.7	-6.6	-6.5	-1.8	-9.1

EBITDA improved from € -29.7 million to € -17.4 million, while pre-tax earnings (EBT) reached € -20.6 million (prior year: € -30.4 million). The Group's operating business in Germany, which was already profitable in the last four fiscal years, continued to make good progress in 2001. The European subsidiaries shared this positive trend and contributed almost one third of total Group sales in fiscal 2001.

The strong reduction in operating costs over the past few months and a continued emphasis on cost management will produce a sustained improvement in Group results for fiscal 2002. jobpilot expects that the Group as whole will now reach profitability for the first time in the first half of 2002.

In the second quarter of 2002, Adecco—one of the world's leading personnel recruitment agencies with 6,000 offices in 58 countries and 100,000 full-time job placements per year—made a takeover bid for jobpilot. The acquisition is to be completed in the first half of 2002. The combination of Adecco and jobpilot will produce one of the market's strongest players, combining the strengths of traditional recruitment agencies with the innovative concepts of e-recruiting.



fun communications GmbH

Based in Karlsruhe, the software house fun communications provides complete solutions for all aspects of electronic banking, mobile financing, Internet payment, and IT security. Designed to meet the most rigorous security standards, the products of fun communications are used by Deutsche Bank, Dresdner Bank, Advance Bank, Postbank, HypoVereinsbank, FIDUCIA, T-Online and many other companies.

Shareholding: 33,33 %

www.fun.de



Metropolis AG

Metropolis AG operates Germany's largest online community with over 1.5 million registered users for the site's chat-rooms, forums, free homepages and e-mail services. With an average visit duration of 54 minutes per user, Metropolis provides an attractive environment for its advertising and cooperation partners.

All community technologies are the company's own developments, which can be licensed as ASP solutions.

Shareholding: 38,53 %

www.metropolis.de



NT plus AG

NT plus markets a wide range of established brands from the world of information technology and telecommunications (IT/TC), such as TC devices, cellphones, two-way radios, GSM networks, office equipment, multimedia, navigation, Internet and IT products as well as accessories and supplies. As a leading distributor in the field of telecommunications, the company supplies over 5,000 specialist retailers throughout Germany with products of 60 different manufacturers and network operators.

www.ntplus.de

Recommended mobile banking product

fun communications raised both sales and earnings in fiscal 2001. During the year, the company introduced a new mobile banking solution, which allows customers of the German savings bank Sparkasse to make bank transactions via text messaging. The European E-Commerce Association (EEA) awarded the innovative solution its "highly recommended" status in the "Best m-Commerce Product" category.

In the InternetPayment segment, 2002 is expected to mark the breakthrough for fun's HomePay system—Internet payments via online transfers. fun communications and Postbank AG have already implemented the first Internet travel site equipped for online transfers on behalf of L'TUR Tourismus AG.

1,500 new registrations every day

In the first half of the past year, Metropolis was able to stabilize its advertising and cooperation revenues. From July onwards revenues began to grow again and the company reached break-even in October—despite a difficult market environment. The number of users grew steadily from 1.1 million to over 1.5 million. In its community segment, the company successfully established a number of additional fee-based services in mid-2001, such as ad-free homepages.

With www.metropolis.tv, the company developed a new concept for TV stations enabling them to combine various media, such as Internet, TV, cellphones and videotext. Metropolis aims to expand this service in fiscal 2002.

Successful growth against the market trend

The NT plus Group made good progress in 2001, despite adverse market conditions. Sales grew from € 390 million to € 430 million. The budget for 2002 anticipates further qualitative growth, with an increase in revenues of 15 % and a continuation of the company's solid rate of return. The company's new logistics center in Staufenberg, the expansion of its group-wide service functions and qualitative improvements in its product portfolio are expected to guarantee continued success in reaching the Group's objectives.

NT plus has already achieved a strong market position in the distribution of new technologies in the field of innovative IT/TC solutions, as well as in the marketing of fixed-line, Internet and cellphone connections. This position is expected to be strengthened in fiscal year 2002.

Consolidated Annual Financial Statements according to US-GAAP

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Report of Independent Auditors

Consolidated Financial Statements acc. to US-GAAP

United Internet AG – Consolidated Income Statement acc. to US-GAAP

for January 1, 2001 to December 31, 2001 in €k

	2001		2000	
Sales	230,726	100.0 %	194,344	100.0 %
Cost of sales	-159,874	-69.3 %	-146,526	-75.4 %
Gross profit	70,852	30.7 %	47,818	24.6 %
Selling expenses	-36,046	-15.6 %	-42,848	-22.0 %
General administrative expenses	-35,189	-15.3 %	-25,552	-13.1 %
Other operating income/ expenses	-19,190	-8.3 %	-3,367	-1.7 %
Amortization of goodwill	-17,528	-7.6 %	-10,845	-5.6 %
Operating loss	-37,101	-16.1 %	-34,794	-17.9 %
Interest and similar expenses	-2,979	-1.3 %	-1,744	-0.9 %
Interest and similar income	1,045	0.5 %	1,848	1.0 %
Loss from associated companies	-3,604	-1.6 %	-18,523	-9.5 %
Result from ordinary activities	-42,639	-18.5 %	-53,213	-27.4 %
Extraordinary expenses	0	0.0 %	-861	-0.4 %
Cumulative effect of changes in accounting principles	0	0.0 %	-25	0.0 %
Pre-tax result	-42,639	-18.5 %	-54,099	-27.8 %
Income taxes	1,215	0.5 %	-1,817	-0.9 %
Net loss	-41,425	-18.0 %	-55,916	-28.8 %
Minority interests	5,621	2.4 %	6,528	3.4 %
Loss after minority interests	-35,803	-15.5 %	-49,388	-25.4 %

United Internet AG – Consolidated Income Statement acc. to US-GAAP

for January 1, 2001 to December 31, 2001 in € million

	Q1 2001	Q2 2001	Q3 2001	Q4 2001	Q4 2000
Sales	60.9	53.3	51.0	65.5	55.7
Cost of sales	-43.7	-36.2	-32.3	-47.6	-39.7
Gross profit	17.2	17.1	18.7	17.9	16.0
Selling expenses	-11.4	-10.6	-9.5	-4.6	-14.6
General administrative expenses	-8.4	-8.4	-8.6	-9.8	-8.7
Other operating income/expenses	0.8	-0.3	-22.0	2.4	-7.6
Amortization of goodwill	-3.2	-3.1	-3.2	-8.1	-3.1
Operating loss	-5.0	-5.3	-24.6	-2.2	-18.0
Interest and similar expenses	-0.5	-1.0	-0.7	-0.8	-0.4
Interest and similar income	0.2	0.5	0.3	0	0.6
Loss from associated companies	-2.1	-1.0	-0.8	0.3	-7.5
Result from ordinary activities	-7.4	-6.7	-25.8	-2.7	-25.3
Extraordinary expenses	0	0	0	0	2.2
Cumulative effect of changes in accounting principles	0	0	0	0	0.1
Pre-tax result	-7.4	-6.7	-25.8	-2.7	-23.0
Income taxes	-0.9	-1.4	-1.8	5.3	-3.7
Net loss	-8.3	-8.2	-27.6	2.6	-26.7
Minority interests	1.6	1.2	1.2	1.7	0.6
Loss after minority interests	-6.7	-7.0	-26.4	4.3	-26.1

United Internet AG – Consolidated Balance Sheet

for the Year ended December 31, 2001, in €k

ASSETS	Dec. 31, 2001	Dec. 31, 2000
Current assets		
Cash and cash equivalents	69,765	89,956
Accounts receivable and other assets	63,760	60,660
Inventories	2,062	2,762
Prepaid expenses	7,121	6,034
Deferred taxes	14,579	3,763
	157,287	163,175
Non-current assets		
Equity investments	11,792	22,333
Other financial assets	5,930	11,043
Property, plant and equipment	30,390	28,507
Intangible assets	11,196	14,509
Goodwill	52,753	61,626
Deferred taxes	0	5,579
	112,061	143,597
Total assets	269,348	306,772
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Accounts payable, trade	18,226	23,748
Liabilities due to banks	73,235	84,722
Advance payments received	214	196
Other liabilities	21,532	9,673
Accrued taxes	9,824	4,087
Other accrued liabilities	16,985	17,920
Deferred revenue	25,114	18,570
	165,130	158,916
Non-current liabilities		
Convertible bonds	2,425	1,240
Liabilities due to banks	7,749	8,211
Pension reserves	0	129
Deferred revenue	1,089	1,563
Other liabilities	1,682	7,886
	12,945	19,029
Total liabilities	178,075	177,945
Minority interests	13,293	27,740
Equity		
Capital stock	56,882	51,680
Additional paid-in capital	50,834	43,366
Additional paid-in capital (group)	65,957	65,957
Accumulated deficit	-59,712	-10,323
Net loss	-35,803	-49,388
Outstanding, unrealized compensation for employee stock ownership programme	-47	-128
Currency translation adjustment	-131	-77
Total equity	77,980	101,087
Equity and liabilities	269,348	306,772

United Internet AG – Development of Consolidated Equity

from January 1, 2001 to December 31, 2001 in €k

	2001	2000
Equity, start of period	101,087	88,002
Capital stock	5,202	43,581
Additional paid-in capital	7,468	-49,871
Additional paid-in capital (group)	0	65,957
Loss after minority interests	-35,803	-49,388
Outstanding, unrealized compensation for employee stock ownership programme	81	6,970
Changes in currency translation adjustments	-54	-65
Other shareholders' equity	0	-4,100
Equity, end of period	77,980	101,087

United Internet AG – Consolidated Statement of Cash Flows according to US-GAAP

from January 1, 2001 to December 31, 2001, in €k

	Dec. 31, 2001	Dec. 31, 2000
Cash flow from operating activities		
Loss after minority interests	-35,803	-49,388
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	19,770	15,702
Goodwill amortization	17,528	10,845
Depreciation of shares in associated companies	6,663	3,051
Write off on loans granted to associated companies	16,937	5,227
Compensation expenses from employee stock option plans	-6	-4,432
Not equalized losses of associated companies	3,604	18,274
Distributed profits of associated companies	77	249
Minority interests	-5,621	-6,529
Changes in currency translation adjustments	-54	0
Change in deferred taxes	-5,236	-3,454
Non-cash expenditure/income	682	0
Operative cash flow	18,541	-10,455
Changes in assets and liabilities		
Change in receivables and other assets	-3,100	-30,564
Change in inventories	701	297
Change in deferred expenses	-1,088	-4,336
Change in accounts payable, trade	-5,523	8,631
Change in liabilities due to shareholders	0	-183
Change in advance payments received	18	110
Change in other accrued liabilities	-936	12,057
Change in accrued taxes	5,738	3,585
Change in other liabilities	5,655	-3,602
Change in deferred income	6,069	11,286
Change in pension reserves	-129	-2
Changes in assets and liabilities	7,405	-2,721
Cash flow from operating activities	25,946	-13,176
Cash flow from investment activities		
Capital expenditure for intangible assets and property, plant and equipment	-19,635	-40,798
Loans to associated companies, their shareholders and employees	-12,782	-17,160
Repayments of loans granted	958	2,202
Disposal of assets, net book value	1,666	963
Net assets assumed in initial consolidation	36	43
Acquisition costs in excess of the net assets from initial consolidation	-1,968	-17,094
Sale of shares in associated companies	1,326	2,365
Acquisition of additional shares in associated companies	-2,047	-26,930
Cash flow from investment activities	-32,446	-96,409
Cash flow from financing activities		
Contribution of the general partner in the context of the transformation	0	1,013
Change in bank loans	-11,948	82,286
Contributions from minority shareholders	0	65,957
Loans received from minorities	0	7,886
Minority interests	-2,929	27,745
Payments from convertible bonds	1,186	969
Cash flow from financing activities	-13,691	185,856
Net increase/(net decrease) in cash	-20,191	76,271
Cash on hand and balances at the beginning of the fiscal year	89,956	13,685
Cash on hand and balances at the end of the fiscal year	69,765	89,956

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

(1) NATURE OF BUSINESS

According to its articles of incorporation, the business of United Internet AG (hereinafter referred to as "United Internet AG" or the "Company") is to provide marketing, sales or other services, especially in the fields of telecommunications, information technology, including the Internet, and data processing or related areas. The Company's purpose also includes the acquisition, holding and management of investments in other companies, especially those operative in the aforementioned business segments. The Company is entitled to bring companies in which it holds an investment under its common control and may restrict itself to the management or administration of its investments.

The Company is authorized to acquire or hold investments in all types of companies in Germany and other countries and to transact all business that is conducive to its purpose. The Company is also authorized to conduct its business through subsidiaries, associated companies and joint ventures. It may outsource or transfer all or part of its operations to affiliated companies.

In the last few years United Internet AG has changed its strategic alignment, evolving from a pure Internet and IT marketing service provider towards a management holding company for a network of shareholdings in various Internet target segments. This realignment, which was launched in 1996, was accelerated in fiscal year 1999 and made more visible by the reorganization of the former 1&1 Aktiengesellschaft & Co. KGaA to form United Internet AG in March 2000.

The Company has its seat in Montabaur, Germany, and has branches and subsidiaries in Munich, Dortmund, Karlsruhe, Görlitz, Zweibrücken, Montabaur, Zug, Maastricht, Vienna, Stockholm, Ljssudal, Oslo, Helsinki, Copenhagen, Amsterdam, Newcastle, London, Zurich, Strombeek-Bever, Madrid, Sarreguemines and Paris. All of the Company's office buildings are rented except for the buildings in Zweibrücken.

(2) THE REPORTING COMPANY

The parent company, United Internet AG, was founded on January 29, 1998 as 1&1 Aktiengesellschaft & Co. KGaA. As a holding company, it assumed the functions of 1&1 Holding GmbH, which had been merged into it with effect from January 1, 1998. Until its general meeting of shareholders on February 22, 2000, it traded under the name of 1&1 Aktiengesellschaft & Co. KGaA. At this general meeting it was decided to change the Company's name to United Internet Aktiengesellschaft & Co. KGaA and then to transform the Company into a stock corporation named United Internet AG.

(3) BUSINESS RELATIONS WITH RELATED PARTIES

The Company has concluded an agreement for advisory services with the supervisory board member Mr. Kurt Dobitsch concerning the identification and acquisition of potential investments in companies, for which remuneration of € 6k was paid last fiscal year.

The compensation for members of the supervisory board for fiscal year 2001 amounted to € 82k.

As of December 31, 2001 members of the management board own 5,150,821 United Internet shares directly and 20,839,905 United Internet shares indirectly. As of the balance sheet date members of the supervisory board own 1,280,000 United Internet shares indirectly.

(4) SIGNIFICANT ACCOUNTING, VALUATION AND CONSOLIDATION POLICIES

All amounts are given in euro (€) or thousand euro (€k).

a) Consolidation Policies

The consolidated group comprises United Internet AG and its majority shareholdings (hereinafter referred to as "the Company"). All significant intragroup transactions were eliminated during consolidation.

All investments over whose financial and business policies the Company has substantial control are consolidated at equity as associated companies.

The Group includes the following subsidiaries in which United Internet AG holds a direct or indirect majority interest (as indicated by the figures in brackets)

- val-U Marketing GmbH, Montabaur (100.0 %)
- 1&1 Internet AG, Montabaur (100.0 %)
- 1&1 Internet Ltd., London/United Kingdom (indirectly 100.0 %)
- 1&1 Internet S.A.R.L., Sarreguemines/France (indirectly 100.0 %)
- Schlund + Partner AG, Karlsruhe (indirectly 100.0 %)
- 1&1 puretec GmbH, Karlsruhe (indirectly 100.0 %)
- Convigat Network Solutions GmbH, Montabaur (indirectly 77.99 %)
- 1 & 1 Internet Service GmbH, Zweibrücken (indirectly 100.0 %)
- GMX Internet Services GmbH, Montabaur (indirectly 100.0 %)
- MIP Multimedia Internet Park GmbH, Zweibrücken (100.0 %)
- A1 Marketing Kommunikation und neue Medien GmbH, Montabaur (100.0 %)
- GMX Gesellschaft für Datenkommunikation AG, München (100.0 %)
- twenty4help Knowledge Service AG, Montabaur(100.0 %)
- twenty4help Knowledge Service GmbH, Dortmund (indirectly 100.0 %)
- twenty4help Knowledge Service GmbH, Zweibrücken (indirectly 100.0 %)
- twenty4help Knowledge Service GmbH, Görlitz (indirectly 100.0 %)
- twenty4help Knowledge Service B.V., Maastricht/Holland (indirectly 100.0 %)
- twenty4help Knowledge Service AB, Ljusdal/Sweden (indirectly 100.0 %)
- twenty4help Knowledge Service Ltd., Newcastle/United Kingdom (indirectly 100.0 %)
- twenty4help Knowledge Service AG, Zug/Switzerland (indirectly 100.0 %)
- United Internet Start-up GmbH, Montabaur (100.0 %)
- AdLINK Internet Media AG, Montabaur (77.27 %)
- AdLINK Internet Media AB, Stockholm/Sweden (indirectly 77.27 %)
- AdLINK Internet Media S.A., Paris/France (indirectly 77.27 %)
- Axial Trading et Participation S.A., Paris/France (indirectly 77.27 %)
- AdLINK Internet Media AS, Oslo/Norway (indirectly 77.27 %)
- AdLINK Internet Media Services GmbH, Vienna/Austria (indirectly 77.27 %)
- AdLINK Internet Media GmbH Deutschland, Montabaur (indirectly 77.27 %)
- AdLINK Internet Media ApS, Copenhagen/Denmark (indirectly 77.27 %)
- AdLINK Internet Media N.V./sa, Strombeek-Bever/Belgium (indirectly 77.27 %)
- AdLINK Internet Media AG, Zurich/Switzerland (indirectly 51.52 %)
- AdLINK Internet Media SA, Madrid/Spain (indirectly 77.27 %)
- AdLINK Internet Media Ltd., London/United Kingdom (indirectly 77.27 %)
- AdLINK Internet Media B.V., Amsterdam/Holland (indirectly 77.27 %)
- AdLINK Internet Media OY, Helsinki/Finland (indirectly 77.27 %)

b) Accounts Receivable, Trade

Trade accounts receivable are stated at nominal value, net of allowances for doubtful accounts.

Specific bad debt allowances for doubtful accounts are calculated individually; to cover the credit risk from the large number of customer receivables, specific bad debt allowances are recognized at a flat rate.

c) Revenue Recognition

Revenue is recognized separately for each of the Company's different segments (see "Segment Reporting").

In December 1999 the U.S. Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements" (SAB 101). SAB 101 describes the SEC's views on the application of U.S. GAAP for revenue recognition. General and specific guidelines are laid down, especially with regard to the periods in which revenue should be recognized. SAB 101 also provides guidance on when to state gross or net revenues.

The Company began applying SAB 101 in recognizing its revenues since fiscal 2000.

The application of the provisions of SAB 101 increased the net loss € 185k in 2001.

Revenues in the separate segments are realized according to the following principles.

1&1 Internet AG

1&1 Internet AG is a leading European Internet application provider with the world's largest number of customers for Web hosting. The company provides consumers, businesses and self-employed people with a wide range of online applications. The product range comprises Web hosting (websites, domains, online shops, e-commerce) and Internet access as well as complete Internet solutions with unified messaging and personal information management. In the highly profitable field of Web hosting, 1&1 Internet succeeded in extending its market share in Germany to over 30 % in the past fiscal year. In the field of Internet access, the strong competition among call-to-call providers in fiscal 2001 resulted in an expected market consolidation. Increased revenues in this sector resulted from customer subscriptions and value-added services.

The Company recognizes its revenue from the provision of Internet access in the period in which the service is rendered, allowing for the recoverability of amounts owed by customers, which are collected by direct debit.

Customers usually pay for Web hosting services in advance for a contractually stipulated period. Revenue is allocated over these times. Receipts relating to the following year are deferred as deferred income.

twenty4help Knowledge Service AG

This segment mainly comprises call center services relating to the operation of hotlines or user helpdesks for information technology and telecommunications providers.

Services are invoiced on the basis of criteria agreed with customers, taking performance factors (speed, quality, etc.) into account. Revenue is recognized once the service has been performed and the customer has accepted the Company's invoice.

AdLINK Internet Media AG

In this segment the Company realizes revenue from the sale of advertising space (banners, microsites, pop-ups) on the Internet or on websites.

When selling advertising space and placing ads, sales are billed depending on the targets achieved. Revenues are recognized in accordance to the services of campaign-placements provided and when the Company and its customer agree on the proven success of the advertising (measured in terms of either thousands of contacts or of cost per click/interest/order). Billing is done on a monthly basis. The amount agreed with and billed to the customer is recognized as revenue. The amounts credited to the operators of websites are stated under cost of sales.

GMX AG

This company offers free basic services, as well as fee-based services on a subscription basis for various user needs. The sales realized by the Company derive mainly from the marketing of advertising space on websites and from cooperation agreements (e. g. with e-commerce companies). Revenue is recognized in accordance with the contractual terms when the advertising campaigns are finished.

Corporate Center

The subsidiaries comprised in this segment provide specific services, such as management and marketing services and the rental of office space and technical equipment. Furthermore, certain costs are allocated to companies according to their origin. Revenue is recognized in line with the contractually stipulated arrangements.

d) Inventories

Inventories are measured at the lower of average cost or market value. Valuation allowances are recorded to provide for any excess or obsolete inventory.

e) Property, Plant and Equipment

Property, plant and equipment are recorded at acquisition cost. Maintenance expenses that neither enhance the value of the assets nor prolong their useful life are expensed as incurred. Gains or losses from the disposal of fixed assets are recognized as other operating income or expenses. Additions to property, plant and equipment in connection with acquisitions of new companies are recorded at their estimated fair value.

Property, plant and equipment are depreciated over their expected useful lives. Low-value items (acquisition costs of up to € 409) are fully expensed in the year of acquisition due to their negligibility.

The following estimated useful lives have been used to calculate depreciation:

	Useful life in years
Buildings	10 to 50
Vehicles	5 to 6
Other equipment, factory and office equipment	3 to 10
Office fixtures and fittings	5 to 13

Buildings are usually written off over 10 years.

Servers used for Web hosting, which are part of factory and office equipment, are depreciated over 3 years. The depreciation of all other servers used by the Company is allocated over 5 years as they are used to a lesser extent.

f) Intangible Assets and Goodwill

Intangible assets consist of software and related licenses as well as goodwill from the acquisition of subsidiaries.

Software and licenses are amortized on a straight-line basis over their expected useful lives of 2 to 5 years. The goodwill of companies operating in the areas of multimedia and the development of Internet content is amortized over 6 years and that of sales and distribution companies over 10 years.

g) Subsidies

The investment subsidies granted by the state of Rhineland-Palatinate for the Multimedia Internet Park are treated as reductions of acquisition costs if they relate to construction costs. The subsidies for current expenses are recorded as other operating income.

h) Cash and Cash Equivalents

This item comprises bank balances, checks and cash in hand.

i) Foreign Currency Translation

The functional currency of each of the Company's subsidiaries is the local currency of the country in which the subsidiary is located. Accordingly, assets and liabilities which are recognized in the balance sheets of the foreign subsidiaries in a foreign currency (with the exception of equity) are translated into € at the rate on the balance sheet date. Income and expenses are translated at the average exchange rate for the year. The difference which results between the valuation of equity at the historical rate and of asset and liabilities at the rate on the reporting day is stated as a currency translation adjustment under equity.

j) Income taxes

Income taxes are calculated using the asset and liability method pursuant to SFAS 109 "Accounting for Income Taxes". Deferred tax asset and liability items were recorded for future tax effects ensuing from

differences between assets and liabilities stated in the consolidated financial statements according to US-GAAP and the corresponding amounts in the tax balance sheet as well as for net losses for tax purposes and tax loss carryforwards. Deferred tax assets and liabilities are valued on the basis of the current tax rates valid for the period in which the temporary differences will probably be reversed. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

In Germany, until the tax law was changed in October 2000, income was taxed at two different rates. A higher "undistributed" tax rate is applied to income generated but not distributed to shareholders. Upon distribution, such income is taxed at a lower "distributed" tax rate. The company records deferred taxes at the undistributed tax rate. A tax credits is then recorded for differences between the undistributed and distributed tax rates in the period in which income is distributed to shareholders, and the related deduction is claimed on the company's tax return.

As described above, effective October 2000, all income will be taxed at one rate. Accordingly, the company has applied this enacted rate when measuring deferred tax assets and liabilities as of December 31, 2000 and 2001.

k) Underlying Value of Long-Lived Assets

The Company applies the regulations of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of". These provisions require that the underlying value of long-lived assets (including intangible assets) be checked regularly, in particular if a situation arises which could impair the future underlying value. This underlying value check compares the carrying amounts of an asset with the net present value of the future cash flows expected to be generated with that asset. If this underlying value check reveals a shortfall in the carrying amount, the carrying amount is adjusted to fair value. Specific assets intended for sale are measured at either amortized acquisition cost or at the lower fair value less selling expenses.

l) Use of Estimates

The preparation of these consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results could differ from these estimates.

m) Comprehensive Income

The Company applies SFAS 130 "Reporting Comprehensive Income" that defines how comprehensive income should be presented in financial statements. Comprehensive income includes all changes in equity, except for those from shareholders' contributions or dividends paid to shareholders. In the case of United Internet AG, comprehensive income consists only of the net result for the year and the currency translation differences reported under equity.

n) Accounting for Derivative Financial Instruments

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS or FASB Statement) 133, "Accounting for derivative instruments and hedging activities". SFAS 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet as either an asset or liability measured at its fair value. The statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific accounting criteria are met.

If a derivative instrument qualifies for hedge accounting, the gains or losses from the derivative may offset results from the hedged item in the statement of operations or other comprehensive income, depending on the type of hedge. To adopt hedge accounting, a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. SFAS 133 applies to all fiscal years beginning after June 15, 1999 and cannot be applied retroactively.

In June 2000 Financial Accounting Standards Board issued Statement of Financial Accounting Standards 138 "Accounting for Certain Derivative Instruments and Certain Hedging Activities," an amendment of FASB Statement 133. This Statement amends the accounting and reporting standards of Statement 133 for certain derivative instruments and certain hedging activities.

SFAS 137 delayed the effective date of SFAS 133 to fiscal years beginning after June 15, 2000. The company adopted SFAS 133 for the first time in fiscal year 2001.

As expected, the application of SFAS 133 or SFAS 138 did not have a material effect on the Company's consolidated balance sheet or results of operations.

o) Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities

In September 2000 FASB issued SFAS 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." This pronouncement revises the accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures.

Specifically, SFAS 140 provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities. Those standards are based on consistent application of a financial components approach that focuses on control. Under that approach, after a transfer of financial assets, an entity recognizes the financial and servicing assets it controls and the liabilities it has incurred, derecognizes financial assets when control has been surrendered, and derecognizes liabilities when extinguished. Statement 140 provides consistent standards for distinguishing transfers of financial assets that are sales from transfers that are secured borrowings.

SFAS 140 also provides guidance about whether a transferor has retained effective control over assets transferred to qualifying SPEs through removal-of-accounts provisions, liquidation provisions, or other arrangements.

p) Earnings (Loss) per Share

Earnings (loss) per share is calculated by dividing earnings or loss attributable to owners of registered shares by the weighted average number of issued shares for the period under consideration.

As of December 31, 2001 share capital is divided into 56,881,887 registered shares.

q) Differences between the Accounting, Valuation and Consolidation Policies applied and the Methods allowed by the seventh EU Directive

Applying the exemption provision of Sec. 292a HGB (German Commercial Code), the Company prepares and publishes its consolidated financial statements in accordance with U.S. Generally Accepted Accounting Principles. The exemption provision may only be applied if the accounting principles used conform to the Seventh EU Directive and the accounting, valuation and consolidation policies that deviate from German law are explained in the notes.

There are the following main differences:

When the shares in 1&1 Geschäftsführungs GmbH were contributed in 1999, they were valued at market value. The resolution for the capital increase in return for a noncash contribution provided for contribution at book value. Under the German Commercial Code, they would have had to be recognized at book value.

In the US-GAAP consolidated financial statements amounts are recorded as personnel expenses/income which result from employee stock ownership plans as a consequence of U.S. accounting regulations. In consolidated financial statements prepared according to German accounting principles, this approach need not be taken.

In the context of revenue recognition, differences are caused by timing differences in the recording, recognition and allocation of amounts paid by customers. The related expenses are allocated in the same way. With regard to deferred taxes, contrary to German accounting principles, amounts for deferred tax assets are capitalized for future benefits resulting from tax loss carryforwards.

Purchase price components agreed on with sellers companies are recognized as personnel expenses due to the close link with minimum employment periods for the general managers. These amounts would be capitalized as incidental acquisition costs in financial statements that met German accounting and valuation requirements.

Under fixed assets, investment subsidies were offset against acquisition costs.

Amounts spent on procuring equity in connection with IPOs or capital increases were netted with the additional paid-in capital.

r) Recently issued Reporting Standards

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires the use of the purchase method of accounting for all business combinations initiated after June 30, 2001. As a result, it is likely that more intangible assets will be recognized under SFAS No. 141 than its predecessor, APB Opinion No. 16. SFAS 141 also stipulates that companies applying SFAS 142 should disclose book values of existing intangible assets and goodwill separately.

Under SFAS No. 142, goodwill will no longer be amortized on a straight-line basis over its estimated useful life, but will be tested for impairment on an annual basis and whenever indicators of impairment arise. Additionally, goodwill on equity method investments will no longer be amortized; however, it will continue to be tested for impairment in accordance with Accounting Principles Board Opinion No. 18, ("The Equity Method of Accounting for Investments in Common Stock").

Under SFAS No. 142 intangible assets with indefinite lives will not be amortized. Instead they will be carried at the lower cost or market value and tested for impairment at least annually.

All other recognized intangible assets will continue to be amortized over their estimated useful lives.

SFAS No. 142 is effective for fiscal years beginning after December 15, 2001 although goodwill on business combinations consummated after July 1, 2001 will not be amortized. On adoption the Company may need to record a cumulative effect adjustment to reflect the impairment of previously recognized intangible assets.

Had the Company adopted SFAS No. 142 at January 1, 2001 the Company would not have recorded an amortization charge for goodwill and intangible assets of unlimited lifetime amounting to € 14,354k. The Company adopted SFAS 142 as of January 1, 2002 but has not determined the impact that these Statements will have on net income.

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS 143, "Accounting for Asset Retirement Obligations", which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This includes (1.) time of disclosure for such liabilities in the annual statements, (2.) initial valuation of the liability, (3.) separation of costs associated with the regulation according to type, (4.) subsequent valuation of the liability and (5.) notes to the financial statements.

SFAS 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The corresponding costs for retirement or reduction are capitalized at the acquisition cost of the tangible long-lived assets and depreciated over the usual lifetime. The Statement requires an enterprise to adjust the value of the liability by discounting its amount to reflect the passage of time at the beginning of each fiscal year. The underlying interest rate should be based on the rate valid when the liability was first carried. The liability is accreted at the end of each period through charges to operating expense.

SFAS 143 is to be adopted for fiscal years beginning after June 15, 2002, with earlier adoption encouraged. The Company will adopt SFAS 143 for the first time as of January 1, 2003.

In August 2001, the Financial Accounting Standards Board issued SFAS No. 144, "Accounting for the

Impairment or Disposal of Long-Lived Assets". SFAS 144 establishes a single accounting model for long-lived assets to be disposed of by sale consistent with the fundamental provisions of SFAS 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of". Whilst it supersedes APB Opinion 30 "Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", it retains the presentation of discontinued operations but broadens that presentation to include a component of an entity (rather than a segment of a business). However, discontinued operations are no longer recorded at net realizable value and future operating losses are no longer recognized before they occur. SFAS 144 also establishes criteria for determining when an asset should be treated as held for sale.

SFAS No. 144 is effective for fiscal years beginning after December 15, 2001, with earlier adoption encouraged. The provisions of the Statement are generally to be applied prospectively. The Company will adopt SFAS 144 for the first time as of January 1, 2002.

(5) CAPITAL STOCK

In a written declaration dated December 30, 1999 the general partner, 1&1 Aktiengesellschaft & Co. Beteiligungen, requested that its capital contribution of € 4,499,368.56 be converted to common stock in accordance with Sec. 7 (1) of the partnership agreement of 1&1 AG & Co. KGaA.

The extraordinary shareholders' meeting on February 22, 2000 complied with this request by adopting various resolutions. The Company's capital stock was increased in return for a contribution of his partnership rights in the amount of € 4,499,368.56 from € 8,712,413.66 to € 13,211,782.22 by issuing 1,760,000 new no-par bearer shares of an issue amount of € 2.56 each (accounting share in the capital stock (rounded)) and entitled to dividends as of the beginning of fiscal year 2000. The new shares were subscribed by the general partner who contributed its claim to payment of its capital contribution of € 4,499,368.56 that can be converted to common stock.

At the same extraordinary shareholders' meeting, it was decided to transform the Company into a stock corporation in accordance with Secs. 190 et seq., 226 et seq. and 238 et seq. UmwG (Law of Reorganizations).

Since the Company's ordinary meeting of shareholders on May 3, 2000 the Company's capital stock has amounted to € 51,680,000. It was increased from € 13,211,782.22 by converting additional paid-in capital of € 38,468,217.78 without issuing new shares. The 5,168,000 no-par shares of an accounting share of € 2.56 (rounded) each were redenominated as 51,680,000 no-par shares each having an accounting share in the capital stock of € 1. All "Per-Share-Amounts" have been retroactively restated to reflect this split. All of the Company's shares were converted from bearer shares to registered shares.

By partially using approved capital, the Company raised capital stock in December 2001 by € 5,201,887, from € 51,680,000 to € 56,881,887, by issuing 5,201,887 new registered no-par shares for a contribution in kind.

The Company's capital stock now amounts to € 56,881,887, divided into 56,881,887 registered no-par shares accounting share in the capital stock of € 1 each.

Authorized Capital

The Company's management board is authorized, subject to the approval of the supervisory board, to increase the capital stock by May 2, 2005 by a maximum of € 20,638,113 by issuing on one or more occasions common and/or non-voting preference bearer shares in return for cash or non-cash contributions. The shareholders shall be granted subscription rights. However, the management board is authorized, subject to the approval of the supervisory board, to exclude the right to subscribe in the following cases:

- Capital increases of up to a total of € 5,168,000, if the new shares are issued in return for cash contributions and the issue amount of the new shares is not substantially—and in no case more than 5 %—lower than the quoted market price of shares with the same terms at the time of finalizing the issue amount. If the Company has acquired its own shares by virtue of authorization under Sec. 71 (1) No. 8 of the Stock Corporation Act (AktG), and without granting a sub-

scription right to shareholders, sold them in any way other than through the stock market, the above mentioned authorization to preclude the shareholders' subscription rights is reduced by the pro rata amount of the capital stock attributable to the treasury shares sold in this way.

- Capital increases of up to a total of € 5,134,113, if the new shares are issued in return for contributions in kind.
- To equalize fractional amounts created by a capital increase.

Conditional Capital

There are three lots of conditional capital:

- The capital stock has been conditionally increased by up to € 2,000,000, divided into 2,000,000 no-par bearer shares. A portion of the conditional capital of € 1,200,000 is earmarked for conversion options to be granted to the bearers of tranche (a) convertible bonds, a portion of € 800,000 for the granting of conversion rights to the bearers of tranche (b) convertible bonds; the issue of both types of bond was decided by the shareholders' meeting on February 18, 1998. It is only implemented to the extent that these conversion rights are exercised.
- The Company's capital stock has been conditionally increased by a further € 1,955,830, divided into 1,955,830 no-par registered shares. The conditional capital increase will only be executed to the extent that the bearers of options—issued in accordance with a resolution passed by the ordinary shareholders' meeting of June 7, 1999—exercise these rights. The new shares will participate in profit distribution from the beginning of the fiscal year in which the shares are issued.
- The capital stock has been conditionally increased by up to a further € 5,867,490, divided into 5,867,490 no-par registered shares. The conditional capital increase will only be executed to the extent that the bearers of warrants or conversion rights exercise the warrant-linked bonds or convertible bonds issued by the Company or a direct or indirect German or foreign wholly-owned subsidiary in accordance with the

resolution passed by the general meeting of shareholders on May 3, 2000 by May 2, 2005, or to the extent that the bearers who are obligated to convert the convertible bonds issued by the Company or a direct or indirect German or foreign wholly-owned subsidiary meet their obligation to convert such bonds by May 2, 2005. The new shares will participate in profits from the beginning of the fiscal year in which they are created by exercising option or conversion rights or by meeting conversion obligations.

- The capital stock has been conditionally increased by up to a further € 2,500,000, divided into 2,500,000 no-par shares. The conditional capital increase is earmarked for conversion options to be granted to bearers of convertible bonds, the issue of which was decided by the shareholders' meeting on May 16, 2001. The conditional capital increase will only be executed to the extent that the bearers exercise their conversion rights. The shares will participate in profits from the beginning of the fiscal year in which they are created by exercising the conversion rights.
- Pursuant to Sec. 71 (1) No. 8 AktG, the Company is entitled to acquire its own shares until November 15, 2002 up to a limit of ten percent of capital stock. The purchase price may be no lower than five percent below the share's market price, nor higher than five percent above its market price.

Employee stock ownership plans

In the United Internet Group there are a total of three different plans allowing executives and managers to participate in profits. Whereas two of these plans are covered by the conditional capital at the parent company, the third plan was set up by AdLINK Internet Media AG. This company has also issued convertible bonds to its employees, entitling them to exchange them for shares in AdLINK Internet Media AG. In accordance with SFAS 123 the Company accounts for the employee stock ownership plans by using the intrinsic value method as described in APB Opinion 25. Following this method of variable plan accounting the compensation expense is measured at the balance sheet date by comparing the share price with the amounts to be paid by the employee to get this share. While in 2000 total compensation income recorded in the Income Statement was € 4,432k, in 2001 a compensation income of € 6k was recorded. As of December 31, 2001

the convertible bonds had an intrinsic value of € 136k (prior year: € 224k), which is recognized under additional paid-in capital. The portion of convertible bonds not attributable to the period's personnel expense in the amount of € 47k (prior year: € 128k) is disclosed as an adjustment item in shareholders' equity under "Deferred compensation".

United Internet AG

Convertible Bonds

This entails an authorization to issue convertible bonds to executives and to create the required conditional capital to service conversion rights.

Two convertible bonds can be issued to implement the stock option plan tranche (a) up to a total nominal value of € 1,200k and tranche (b) up to a total nominal value of € 800k. Whereas tranche (a) can be issued to managers of the United Internet Group, only members of the management board of United Internet AG can receive tranche (b) bonds.

The shareholders' statutory subscription right was precluded in each case.

The convertible bonds which bear 4 % interest p.a. may be exchanged as a whole or in parts for shares in United Internet AG. Every € 2.56 of the convertible bonds can be exchanged for 10 no-par shares having an accounting share in the capital stock of € 1 each. If the conversion right is exercised a cash payment of € 3.83 has to be made for the purchase of one share.

The conversion right may be exercised for the first time if in the first three years since the date of issue of the convertible bond (first reference period) the average stock market price (i.e. the single cash price of the Frankfurt Stock Exchange) of the Company's share has increased by at least 10 % p. a. over its initial value (i. e. by at least 30 %) and the increase in the first reference period is equal to or greater than the percentage increase of the German stock market index (DAX) in the same period (exercise hurdles).

If these exercise hurdles are not reached for the first reference period, the conversion right may only be exercised if, in one of the following reference periods, i. e. on average in the first four years (second reference period) or on average in the first five years (third reference period) after the convertible bonds were issued, the stock market price of the Company's share has increased by at least 10 % p. a. over its initial value (i. e. by at least 40 % or 50 % respectively) and the increase in the respective reference period is at least equal to the increase of the DAX in the same period.

For tranche (a) the date of issue of the convertible bonds is deemed to be the date on which the resolution was passed by the management board, for tranche (b) it is deemed to be the date on which the resolution was passed by the supervisory board of the Company.

The conversion right is dependent upon the reference period in which the exercise hurdles are reached for the first time. The conversion right may not be exercised before the end of the first reference period, and then only in a partial amount of up to 60 %. After the end of the third reference period a total (i. e. including previously exercised conversion rights) of up to 80 % may be exercised, when the convertible bond falls due 100 % of the conversion rights may be exercised. The conversion right lapses if the exercise hurdles are not met for any of the three reference periods.

With resolution of the shareholders' meeting of May 16, 2001, convertible bonds can be issued to members of the management board and managers of the Company and its subsidiaries, as well as to executive bodies of the Company's subsidiaries with exception of supervisory board members of subsidiaries domiciled in Germany. Conditional capital of € 2,500k was created to service these rights. On the basis of this resolution, an amount of up to € 750k can be issued to members of the Company's management board.

The shareholders' statutory subscription right to the convertible bonds was precluded.

The beneficiaries receive the right to exchange all or part of their convertible bonds, after certain time periods, into shares in the Company. If the conversion right is exercised a cash premium in the amount of the difference between the conversion price of € 2.88 and the nominal value of the convertible bond has to be paid.

A 20 % portion of the convertible bonds may be converted into shares in the company no earlier than 12 months after the date of issue. Up to a total of 40 % (i. e. including rights already exercised) may be converted no earlier than 24 months, up to a total of 70 % no earlier than 36 months, and the whole amount no earlier than 48 months after they were issued.

Stock Option Plan

Since the shareholders' meeting on June 7, 1999 United Internet AG has had a second set of conditional capital to service the exchange rights of the bearers of the Company's stock options.

The exercise hurdles are the same as the performance targets that were defined for the convertible bond.

The terms of the options are that each option entitles the bearer to purchase one no-par share. The strike price is the stock market price of the shares at the beginning of the acquisition period in which the option was acquired, less the percentage by which the price increase of United Internet AG shares has exceeded the increase of the DAX since the beginning of the acquisition period, up to a maximum of 30 %.

The stock options granted in the previous year were returned to The Company.

AdLINK Internet Media AG

Convertible Bonds

AdLINK Internet Media AG, which has been listed on the Neuer Markt at the Frankfurt Stock Exchange since May 11, 2000, has also issued convertible bonds to employees of the AdLINK Group.

In addition to convertible bonds issued in the previous year in the amount of € 864k, the management board approved a second tranche in May 2001 amounting to € 234k, which was distributed to staff in December 2001 in the amount of € 206k. In total, an amount of € 492k was subscribed by employees of the AdLINK Group,

€ 570k by the two members of the management board and € 8k by a member of the supervisory board of AdLINK Internet Media AG.

Every nominal amount of € 1 of a partial convertible bond can be converted into a no-par share in AdLINK Internet Media AG having an accounting share in the capital stock of € 1. If converted, a cash premium in the amount of the difference between € 1 and the conversion price has to be paid. The conversion price is the cash settlement price of the AdLINK Internet Media AG share, as recorded during trade in the electronic trading system of Deutsche Börse AG at the time the convertible bond was issued.

A 20 % portion of the company's convertible bonds may be converted into shares in the company no earlier than 12 months after the date of issue. Up to 40 % may be converted no earlier than 24 months, up to 70 % no earlier than 36 months, and the whole amount no earlier than 48 months after they were issued. AdLINK Internet Media AG has conditional capital of € 1,992k to service the conversion rights.

Since the intrinsic value of the related options was zero when the partial convertible bonds were granted, applying APB 25, no expense has to be recorded in the consolidated financial statements.

The Company applies the provisions of SFAS 123 that concern notes, but has decided to continue to determine and present the effects of the various employee stock ownership plans on income in accordance with APB 25. If personnel expenses had been determined in accordance with SFAS 123 on the basis of an option model, a total of € 5,653k would have to have been reported as an expense in fiscal year 2001.

The net result for the year and the earnings per share would then have been as shown below:

	2001	2000
	€k	€k
Net loss (acc. to US-GAAP):		
– as reported	–35,803	–49,388
– pro forma	–41,456	–53,208
Earnings per share		
acc. to US-GAAP:		
– as reported	–0.63	–0.87
– pro forma	–0.73	–0.94

	CB UI AG	Average strike price (€)	Options UI AG	Average strike price (€)	CB AdLINK AG	Average strike price (€)
Outstanding on December 31, 1999	1,057,000	4.09	–	–	–	–
issued	125,000	4.09	335,000	7.24	966,500	5.32
exercised	–	–	–	–	–	–
expired	–113,500	–	–	–	–	–
Outstanding on December 31, 2000	1,068,500	4.09	335,000	7.24	966,500	5.32
issued	1,635,000	2.88	–	–	205,500	1.84
exercised	–	–	–	–	–	–
expired	–633,000	4.09	–335,000	7.24	–102,500	5.32
Outstanding on December 31, 2001	2,070,500	3.14	–	–	1,069,500	4.65
Exercisable on December 31, 2001	–	–	–	–	172,800	–

Changes in the options granted and outstanding are shown above.

Using an option pricing model (Black-Scholes stock option pricing model) in accordance with SFAS 123, the weighted average fair value of the options linked to the conversion rights granted in 1998 and 1999 totaled € 11,813k on each grant date. A volatility of 85.2 % for the United Internet share and 29.9 % for the DAX, and a risk-free interest rate of 5.1 % was used for the calculation.

The value of the convertible bonds issued by United Internet AG in May 2000 amounted to € 3,006k. The following weighted average assumptions were used:

■ Dividend yield:	none
■ Volatility United Internet share:	83.62 %
■ Volatility DAX:	24.92 %
■ Expected term:	5 years
■ Risk-free interest rate:	4.90 %

The value of the stock options issued by United Internet AG in October 2000 amounted to € 1,829k. The following weighted average assumptions were used:

■ Dividend yield:	none
■ Volatility United Internet share:	84.70 %
■ Volatility DAX:	25.10 %
■ Expected term:	5 years
■ Risk-free interest rate:	4.87 %

The weighted average fair value of the stock options linked to the convertible bonds issued by AdLINK Internet Media AG on November 25, 2000 was € 3,347k. The following assumptions were used:

■ Dividend yield:	none
■ Volatility AdLINK share:	76.20 %
■ Expected term:	4 years
■ Risk-free interest rate:	4.93 %

The value of the convertible bonds issued by United Internet AG on August 20, 2001 amounted to € 5,289k. The following weighted average assumptions were used:

■ Dividend yield:	none
■ Volatility United Internet share:	107.00 %
■ Expected term:	5 years
■ Risk-free interest rate:	4.60 %

The weighted average fair value of the stock options linked to the convertible bonds issued by AdLINK Internet Media AG on December 3, 2001 was € 536k. The following assumptions were used:

■ Dividend yield:	none
■ Volatility AdLINK share:	112.00 %
■ Expected term:	4 years
■ Risk-free interest rate:	5.00 %

**(6) ADDITIONAL PAID-IN CAPITAL
AND GROUP RESERVE**

Additional paid-in capital developed as follows:

	€k
Balance on January 1, 2001	43,366
Premium on capital increase	
United Internet AG	7,751
Subsequent IPO costs AdLINK	-195
Changes from	
employee stock ownership plans	
– Decrease in additional paid-in capital	-88
Balance on December 31, 2001	50,834

The changes from employee stock ownership plans are solely the result of employees leaving the Company.

The amount of €65,957k shown as a group reserve comes entirely from the portion due to the United Internet Group of the premium, less issuing expenses, received by AdLINK Internet Media AG from its IPO.

(7) INTANGIBLE ASSETS

	2001 €k	2000 €k
Acquisition costs		
– Goodwill	84,312	75,657
– Licenses	15,157	13,303
– Software	13,520	11,384
Less subsidiaries	0	-14
	112,989	100,330
Less:		
accumulated amortization	-49,040	-24,195
Intangible assets, net	63,949	76,135

An alternative representation of the development of intangible assets for fiscal 2001 is shown in the appendix to notes to the consolidated annual statements.

The goodwill reported as of the balance sheet date relates to the following companies acquired in the fiscal year or in prior years (see table below).

	2001 €k		2000 €k	
	gross	net	gross	net
1&1 Geschäftsführungs GmbH	22,644	14,781	22,644	18,555
GMX AG	21,010	15,784	19,777	17,858
Schlund + Partner AG	13,303	7,145	13,303	9,356
1&1 Internet AG	5,070	5,070	–	–
twenty4help Knowledge Service AG	760	760	–	–
AdLINK France	5,750	1,815	5,674	4,621
AdLINK Sweden	3,355	892	3,355	2,330
AdLINK UK	3,525	1,643	3,534	2,937
twenty4help Sweden	3,032	2,104	2,476	2,040
Axial	1,794	–	1,794	1,321
AdLINK Netherlands	948	738	–	–
AdLINK Norway	832	503	832	648
AdLINK Internet Media AG	788	602	788	733
AdLINK Belgium	757	451	736	644
AdLINK Spain	698	465	698	581
A1 Marketing	40	–	40	–
twenty4help Holland	6	–	6	–
	84,312	52,753	75,657	61,624

The goodwill from the acquisition of a further 20 % of 1&1 Geschäftsführungs GmbH derives from the contribution of the shares in 3D Beteiligungen GmbH & Co. KG in return for shares in United Internet AG. Goodwill is measured at the market value of the company's shares granted in consideration of the capital contribution in kind out of approved capital. The shares were consolidated for the first time in December 1999.

By agreement dated April 30, 2001 the remaining purchase price liabilities of € 3.5 million of GMX AG were fulfilled. On December 13, 2001 the remaining shares of the former management of GMX AG were acquired for € 4.7 million.

€ 8,686k of the goodwill of Schlund + Partner AG results from the acquisition of 66 % of its shares in 1998. On December 31, 1999 United Internet AG acquired a further 12.71 % for a purchase price of € 1,689k. On the same date United Internet AG and the other shareholders of Schlund + Partner AG contributed their shares to 1&1 Internet AG by way of a contribution in kind. This additional 21.29 % was valued at its underlying market value (€ 2,831k).

As of the balance sheet date, AdLINK carried out a comparison of the carrying amounts of its capitalized goodwill with the net present value of its expected future cash flows. This resulted in a total adjustment need of € 4,964k for goodwill of AdLINK companies as of the balance sheet date for fiscal 2001. This amount is spread among the companies in Great Britain, France, Sweden and the Netherlands. Otherwise, goodwill was amortized in scheduled amounts over a lifetime of 6 years.

In fiscal 2001 AdLINK incurred subsequent acquisition costs of € 76k from remaining purchase price liabilities towards former shareholders of AdLINK France.

In a purchase agreement dated January 28, 2000, AdLINK Internet Media Ltd., London/United Kingdom was bought. While approx. 50 % of the purchase price were paid on March 22, 2000, the remainder was deferred until March 31, 2003. It was agreed in the purchase agreement that the remaining purchase price be paid in the form of shares in AdLINK Internet Media AG. The number of shares to be transferred in return will be based on the ratio of the residual purchase price to the issue price of the shares. Incidental acquisition cost of € 250k were

incurred in connection with the acquisition mainly for legal and consulting fees.

In a purchase agreement of April 12, 2000, effective April 1, 2000, AdLINK AG acquired 100 % of the shares in AdLINK Internet Media N.V., Strombeek-Bever/Belgium. The payment of the overall purchase price is split into two installments.

The first installment was paid out on April 13, 2000. The amount then paid was the downpayment for the shares, less all receivables from third parties due in more than 90 days as of April 14, 2000. Legal and consulting fees of € 134k were incurred in connection with the transaction.

The payment of the remaining purchase price is linked to certain sales and profit targets in fiscal years 2000 and 2001 and will be made in the form of shares in AdLINK Internet Media AG. The remaining purchase price is split equally between 2000 and 2001. If the actual performance deviates from the targets, the residual purchase price will be modified. The payment of the first part of the remaining purchase price depends on the sales and EBIT achieved in fiscal year 2000. On the basis of the sales and profit realized by AdLINK Belgium as of December 31, 2000, the purchase price obligation is € 427k.

The growth in goodwill of € 19k from the acquisition AdLINK Belgium results from a performance-related remaining purchase price liability, which was incurred by the attainment of sales and EBIT targets in fiscal 2001.

In a sale agreement of January 3, 2000, 100 % of the shares in AdLINK Internet Media S. L., Madrid/Spain were acquired.

In addition, AdLINK Internet Media AG has contractually committed itself to paying to the general manager an additional € 571k for a minimum employment period ("Part I Payment") until February 2002 and € 901k if certain sales and profit targets are reached in fiscal years 2000 to 2002 ("Part II Payment"). Payments will be made in the form of AdLINK Internet Media AG shares. The issuing price (€ 17) will be used as a basis for determining the number of shares to be issued to the general manager. According to APB Opinion No. 16, as elaborated by EITF 95-08, these obligations led to personnel expenses of € 265k in 2000 and 2001.

In fiscal year 2001 there were subsequent purchasing costs of € 564k to former shareholders of twenty4help Knowledge Service AB, Ljusdal/Sweden.

All acquisitions are included in the consolidated financial statements by way of comprehensive consolidation as of the respective acquisition date using the purchase method.

A useful life of 6 years was assumed in amortizing goodwill.

If the aforementioned Statement SFAS 142 "Goodwill and other intangible assets" had been adopted in the preparation of annual financial statements for fiscal years 2001 and 2000, it would have resulted in the following financial figures:

	2001 €k	2000 €k
Result from ordinary activities, as reported	-42,639	-53,213
Plus goodwill amortization	14,353	14,644
Adjusted result from ordinary activities	-28,286	-38,569
Net loss, as reported	-35,803	-49,388
Plus goodwill amortization	14,353	14,644
Adjusted net loss	-21,450	-34,744
	€	€
Earnings per share, as reported	-0.63	-0.96
Plus goodwill amortization	0.25	0.26
Adjusted earnings per share	-0.38	-0.70

(8) PROPERTY, PLANT, AND EQUIPMENT

	2001 €k	2000 €k
Acquisition cost		
- Land and buildings	13,305	13,021
- Operational equipment	49,838	38,741
- Payments in advance	227	358
Less subsidies	-6,771	-6,771
	56,599	45,349
Less:		
Accumulated depreciation	-26,209	-16,842
Property, plant and equipment, net	30,390	28,507

An alternative representation of the development of tangible assets for fiscal 2001 is shown in the exhibit to the notes of the consolidated financial statements.

The subsidies reported relate to the construction work for the Multimedia- Internet-Park, Zweibrücken, completed in 1999.

(9) SHARES IN ASSOCIATED COMPANIES

	2001 €k	2000 €k
Book value at the beginning of the fiscal year	22,333	19,343
Additions at cost	2,047	26,930
Disposals at net book value	-2,244	-2,366
Adjustments		
- Dividends paid	-77	-249
- Profit shares and amortization of goodwill	-3,604	-18,274
- Non-scheduled depreciation	-6,663	-3,051
	11,792	22,333

An alternative representation of the development of shares in associated companies for fiscal 2001 is shown in the exhibit to the notes of the consolidated financial statements.

The United Internet Group holds stakes in the following associated companies that are included in the consolidated financial statements using the equity method of accounting:

Shares held as of December 31, 2001:

- NT plus AG, Osnabrück
- fun communications GmbH, Karlsruhe
- jobpilot AG, Bad Homburg
- Metropolis AG, Reutlingen
- ImmOnline AG, Paderborn
- preisauskunft.de Online Informationssysteme AG, Hamburg
- gatrixx AG, Berlin
- imedia GmbH, Munich
- Sedo GmbH, Cologne
- car4you Holding AG, Baden/Switzerland
- Inson Holding GmbH, Ratingen

In fiscal year 2001 United Internet acquired further shares mainly in gatrixx and imedia. A new addition to associated companies resulted from the acquisition of shares in Sedo.

The following table outlines all shareholdings as of the balance sheet date and the composition of the at equity results:

	Shareholding United Internet	At-equity results after value adjustments	
		31.12.2000 €k	31.12.2001 €k
NT plus	39.23 %	-1,818	167
fun	33.33 %	117	130
jobpilot	25.58 %	-4,849	0
Metropolis	38.53 %	-632	-496
ImmOnline	49.28 %	-1,432	0
preisauskunft	42.90 %	-1,599	-1,599
gatrixx	48.44 %	-3,697	6,658
car4you	45.00 %	-2,999	597
inson	49.00 %	-49	-5
Sedo	41.04 %	0	-108
imedia	40.00 %	-75	-112
Abgänge		-4,543	-991
		-21,576	-10,269

Except for the goodwill resulting from the acquisition of NT plus (gross € 7,739k) all goodwill is amortized over 6 years. The goodwill attributable to NT plus is being written off over 10 years.

The at-equity valuation as of December 31, 2001 takes account of non-scheduled depreciation amounts of € 6,663k for investments in gatrixx, preisauskunft and Metropolis. These allowances were made in order to reflect the fair value of business models financed by advertising revenues.

With a subscription slip of February 13, 2001, United Internet AG acquired a further 32,839 shares in NT plus AG. The shares were issued at the nominal price of € 2,56. The percentage shareholding rose to 39.23 %.

In a contribution and purchase agreement between United Internet and Biodata Information Technology AG, Burg Lichtenfels, dated March 23, 2001, the two parties agreed to transfer the shares held by United Internet (429,750) in Cobion AG to Biodata. Half of the shares held by United Internet (214,875) represented a non-cash contribution to Biodata. In return, United Internet received 97,110 new no-par bearer shares in Biodata. These shares in Biodata were sold during the past fiscal year. The second half of the shares held by United Internet in Cobion AG (214,875) were sold against cash.

The net book value of shares in iTrade AG was written off in fiscal year 2000, as the fair value of shares in iTrade was estimated to be zero. In a share purchase and transfer agreement of February 13, 2001, the 30,743 no-par preferred bearer shares were sold.

In fiscal 2000 the net book value of shares in ImmOnline AG was written off, as the fair value of the shares was estimated to be zero. At the beginning of fiscal 2001, United Internet acquired 19,280 no-par registered shares of ImmOnline AG. United Internet's shareholding in the company therefore rose from 30 % to 49.28 %.

In fiscal year 2000 United Internet acquired in total 33,953 shares of preisauskunft.de AG with a total purchase price of € 3,197k. The net book value of shares was written down by nonscheduled depreciation in fiscal 2001. As of December 31, 2001 the shareholding amounted to 42.90 %. In a share purchase agreement of January 29, 2002, United Internet sold its 27,525 registered preferred shares and 6,428 registered common shares to the other shareholders. An income adjustment agreement was concluded.

In an agreement of May 8, 2000 United Internet acquired 153,500 of the 461,300 shares created by the capital increase decided at the extraordinary shareholders'

meeting of Netzpiloten AG which raised capital by € 461,300.00, or 461,300 shares, from € 50,000.00 to € 511,300.00. These shares represent 30.02 % of the company's capital stock. The purchase price per share was € 18.59. In a share purchase and transfer agreement dated July 31, 2001 United Internet sold 153,500 registered no-par shares in Netzpiloten AG. An income adjustment agreement was concluded.

The extraordinary shareholders' meeting of gatrixx AG on May 8, 2001 adopted a resolution to raise capital stock by € 937,632 to € 8,070,132; United Internet acquired € 931,327 of this amount. In a share purchase and transfer agreement dated June 6, 2001 United Internet acquired 1,315,000 no-par bearer shares in the company. On the same date United Internet sold 200,000 shares to other shareholders. Following these measures, United Internet holds 3,908,982 shares, representing 48.44 %.

The investment in LivingNet Medien AG was acquired by agreement of April 27, 2000. United Internet held 175,000 shares, which represented 35 % of the company's capital stock of € 500,000.00. The acquisition cost per share was equal to the par value of € 1. In an agreement dated May 8, 2001 United Internet sold 175,000 no-par registered shares.

Inson Holding GmbH was founded with a third party on June 28, 2000 with a capital stock of € 100,000. United Internet originally held a 49.00 % interest. In a notarized agreement dated November 13, 2001 United Internet acquired the remaining 51 % of shares in the company as of January 1, 2002.

In an agreement dated May 24, 2000 United Internet indirectly acquired a 36.49 % stake in imedia Gesellschaft für neue Medien mbH from the company's former shareholders. The company has a capital stock of € 25,564.59. The acquisition cost was equal to the par value of the shares. The purpose of imedia is to sell and market multimedia services, especially the development of websites, production of CD ROM presentations and 3D animations. In fiscal year 2001 1&1 Internet AG participated in the capital increase with an amount of € 511k.

In an agreement dated February 12, 2001 United Internet acquired a 41.04 % stake in Sedo GmbH. The purpose of Sedo is the sale and marketing of services on the Internet.

In fiscal year 2001 ImmOnline AG, inson Holding GmbH, car4you Holding AG and gatrixx AG all applied for insolvency.

(10) OTHER FINANCIAL ASSETS

A representation of the development of financial assets is shown in the appendix to the notes to the consolidated annual statements.

The other financial assets decreased by € 5,113k as compared with the prior year.

This decrease is due mainly to the writing down of loans to associated companies.

Significant additions in the fiscal year included a loan to inson Holding GmbH of € 7,533k and a loan to car4you Holding AG of € 1,703k.

Beside the loans mentioned above, loans were granted during the fiscal year to NT plus, livingNet, Metropolis and ICAN as well as to shareholders of Netzpiloten (altogether € 2,997k).

These loan receivables were written off by an amount of € 16.937k—mostly concerning inson, car4you and livingNet—owing to the uncertainty surrounding the future success of inson and car4you.

(11) INVENTORIES

Inventories consist of the following merchandise:

	2001	2000
	€k	€k
TDSL	430	0
PCs and printers	1,173	885
T-Online/Internet products (modems)	21	650
Internet Profi	73	530
ISDN products (PC adapter cards, analog transducers and telephones)	415	332
Cellular telephones	0	225
Other	107	289
	2,219	2,911
Less:		
valuation allowances	-157	-149
Inventories, net	2,062	2,762

(12) ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2001	2000
	€k	€k
Accounts receivable, trade	48,716	43,129
Less:		
specific bad debt allowance	-4,089	-2,883
Accounts receivable, trade, net	44,627	40,246
Other accounts receivable		
Accounts receivable from the tax office	6,411	6,150
ISDN premium claim	3,094	5,014
Outstanding invoices	5,346	1,465
Payments in advance	2,033	1,291
Claims towards employees	248	684
Rights to shares of travel24.com AG	0	537
Subsidized personnel expense	0	574
Interest receivable	0	596
Creditors with debit balances	287	234
Rent deposit	0	120
Direct debit amounts	0	74
Asset value reinsurance	85	85
Other	1,628	3,590
Other accounts receivable, net	19,132	20,414
	63,759	60,660

Accounts receivable from the tax office result mainly from corporate tax rebate claims.

The ISDN premium claims represent claims from a cooperation agreement with Deutsche Telekom AG. They concern sales-related fees acquiring new customers for the cooperation partner in the past fiscal year.

(13) LIABILITIES TO BANKS

	2001	2000
	€k	€k
Loans	8,063	8,770
Less:		
Current liabilities	-314	-559
Long-term liabilities	7,749	8,211
Current maturities of long-term liabilities	314	559
Short-term loans/		
Advances on current account	72,921	84,163
Current liabilities	73,235	84,722
Total liabilities to banks	80,984	92,933

In September 1997 the Company issued two long-term loans of € 2,045k and € 2,250k to finance the Multimedia Internet Park in Zweibrücken. Repayment will begin in 2002 at 4 % of the original loan amount per annum. The loans bear interest at fixed rates of 5.40 % p. a. and 6.39 % p. a. respectively until 2002. A special repayment of € 460k was made in 2000. The loans are secured by two mortgages on land and buildings in Zweibrücken totaling € 4,295k.

A further loan of € 4,474k was issued in 1998 as part of the KfW program and is earmarked for the acquisition of shares in NT plus AG. It bears 4 % interest per annum and is to be repaid in equal installments semi-annually from March 31, 2001 until September 30, 2008.

(14) MATURITIES AND CURRENT LIABILITIES

As of December 31, 2001 the Group was mainly financed by short-term loans. The proceeds from the sale of investments will be used to drastically reduce current liabilities in the first half of 2002. The remaining liabilities will be changed to a medium term basis, by utilizing the current favorable level of interest rates.

(15) OTHER LIABILITIES

	2001 €k	2000 €k
Long-term liabilities		
– Liabilities to former shareholders (2001: AdLINK UK)	1,682	3,146
– Due to former shareholders of GMX	0	4,740
	1,682	7,886
Short-term liabilities		
– Taxes	5,830	4,185
– Purchase price obligations	2,706	2,620
– Social security	2,399	1,875
– Due to former shareholders of GMX	5,089	0
– Other	5,508	992
	21,532	9,672
	23,214	17,558

The long-term liabilities due to former shareholders refer to liabilities to former shareholders of AdLINK United Kingdom.

The tax liabilities consist mainly of VAT liabilities. The purchase price installments for acquisition of investments refer to obligations of € 1,096k for twenty4help Knowledge Service AB, Ljusdal/Sweden, € 1,061k for AdLINK France and € 549k for AdLINK Belgium and AdLINK Norway.

(16) CONVERTIBLE BONDS

A total of three convertible bonds have been issued by the United Internet Group:

United Internet AG

Two convertible bonds can be issued for the implementation of the stock option plan (tranche (a) up to a total nominal value of € 1,200k and tranche (b) up to a total nominal value of € 800k).

Tranche (a):

The management board was authorized, subject to the approval of the supervisory board, to issue on one or more occasions until February 15, 2003 interest-bearing convertible bonds with a maximum total value of € 1,200k and a maximum term of seven years to executive employees of the United Internet Group and to members of the representative bodies of United Internet Group subsidiaries.

Tranche (b):

The supervisory board was authorized to issue on one or more occasions until February 15, 2003, interest-bearing convertible bonds of a maximum par value of € 800k with a term of no more than seven years to members of the management board.

The shareholders' statutory subscription right was precluded in each case. Two installments from tranche (a) of € 103k and € 128k were issued in fiscal year 1998. € 6k of this was repaid when three beneficiaries left the company.

In fiscal year 1999 an amount of € 55k was issued from tranche (a) and an amount of € 102k from tranche (b). € 113k of tranche (a) was repaid when beneficiaries left the company. In fiscal 2000 further partially convertible bonds were issued in the amount of € 6k from tranche (a) and € 29k from tranche (b). € 29k of tranche (a) was repaid when beneficiaries left the company. In fiscal 2001 € 31k of tranche (a) was repaid and € 128k of tranche (b), due to staff departures or voluntary returns. Hence as of the balance sheet date, € 113k of tranche (a) are shown under bonds; tranche (b) was fully repaid as of the balance sheet date.

The convertible bonds which bear 4 % interest p. a. may be exchanged as a whole or in parts for shares in United Internet AG. Every € 2.56 of the convertible bonds can be exchanged for 10 no-par shares having an accounting share in the capital stock of € 1 each. If the conversion right is exercised a cash payment of € 3.83 has to be made for the purchase of one share.

In fiscal 2001 convertible bonds pertaining to the new employee stock ownership program were issued in the amount of € 490k to members of the Company's management board and in the amount of € 1,145k to

managers of the Company and to executive bodies and managers of subsidiaries. An amount of € 5k was repaid when beneficiaries left the company. A total of € 1,630k of the new program is shown under bonds.

The convertible bonds which bear 4.5 % interest p. a. may be exchanged as a whole or in parts for shares in United Internet AG. If the conversion right is exercised a cash payment of € 1.88 has to be made for the purchase of one share.

AdLINK Internet Media AG

AdLINK Internet Media AG, which has been listed on the Neuer Markt at the Frankfurt Stock Exchange since May 2000, has also issued convertible bonds to employees of the AdLINK Group.

A total of € 492k was subscribed by employees, € 570k by members of the management board and € 8k by a member of the supervisory board of AdLINK Internet Media AG. Every nominal amount of € 1 of a partial convertible bond can be converted into a no-par share in AdLINK Internet Media AG having an accounting share in the capital stock of € 1. If converted, a cash premium in the amount of the difference between € 1 and the conversion price has to be paid. The conversion price is the cash settlement price of the AdLINK Internet Media AG share, as recorded during trade in the electronic trading system of Deutsche Börse AG at the time the convertible bond was issued.

A 20 % portion of the company's convertible bonds may be converted into shares in the company no earlier than 12 months after the date of issue. Up to 40 % may be converted no earlier than 24 months, up to 70 % no earlier than 36 months, and the whole amount no earlier than 48 months after they were issued. AdLINK Internet Media AG has conditional capital of € 1,992k to service the conversion rights.

For the effects on the consolidated financial statements of United Internet AG according to U.S. GAAP and other disclosure requirements caused by the employee stock ownership plans we refer to the notes on "Capital Stock".

(17) PENSION PLANS

The pension accruals of the previous year concern a member of the management board who has since left the Company. The accrual amounted to € 129k in the previous year. Net pension costs in fiscal 2000 amounted to € 21k.

(18) DEFERRED INCOME

Customers of 1&1 Internet pay in advance for a maximum of 6 months as well as paying a one-off fee for setting up the services.

The prepaid charges are allocated and recognized as revenues over the underlying contractual period and the one-off fee is allocated over the expected term of the contractual relationship in accordance with SAB 101. The Company estimates that the expected customer relationship period is 3 years. For 1&1 Internet prepaid charges and one-off fees in the amount of € 20,980k are included.

Deferred income of twenty4help in Görlitz contains development funds received, which has not yet been taken to income (€ 1,197k). Advance payments from customers for the annual organization of fair stands at the CeBIT fair (€ 3,507k) are also included. These amounts were disclosed under "Advance payments received" (€ 5,107k) in the previous year.

(19) COST OF MATERIALS

In fiscal year 2001 cost of materials amounted to € 55,675k (prior year: € 44,473k). Cost of materials are part of the cost of sales in the consolidated income statement. Mainly they comprise cost of purchased services.

(20) PERSONNEL EXPENSES

Personnel expenses in fiscal year 2001 amounted to € 86,205k (prior year: € 67,146k). Thereof € 51,507k are included in cost of sales and € 19,506k in selling costs and € 15,192k in general administrative expenses.

(21) OTHER OPERATING INCOME/EXPENSES

The balance of other operating income and expenses consists mainly of income from the sale of shares in Cobion (€ 2,932k). The rest of the other operating income comes mainly from subsidies of current expenses in connection with the Multimedia Internet Park in Zweibrücken (€ 942k; prior year € 1,676k), as well as from subsidies of current personnel expenses in connection with twenty4help in Görlitz (€ 1,869k; prior year € 667k).

Write-downs on financial assets had the opposite effect; they were made in the amount of € 16,937k for loans and in the amount of € 6,663k for companies carried at equity. The income and expenses disclosed in this item are made on the assumption that the investments are an integral part of the Group's operating business.

(22) RESTRUCTURING COSTS

In fiscal 2001 AdLINK began to reduce its costs in certain areas by means of restructuring measures. The costs incurred during the past year in connection with these measures total € 2,136k and are disclosed under other operating income/expenses.

(23) INCOME TAXES AND DEFERRED TAXES

Income tax credits (tax expenditure) break down as follows:

	2001	2000
	€k	€k
Current income taxes		
– Germany	–4,120	–4,712
– Abroad	–1,192	–559
Total (current period)	–5,312	–5,271
Deferred taxes		
– due to tax loss carryforwards	6,876	3,882
– tax effect on IPO expenses	–108	–1,618
– tax effect on temporary differences	–241	1,190
Total deferred taxes	6,527	3,454
Total tax income		
(Prior year: total tax expense)	1,215	–1,817

Under German tax law, income taxes comprise corporate income tax and trade tax, as well as the solidarity surcharge.

German trade tax on income is levied on a company's taxable income adjusted for certain revenues which are not subject to such tax and for certain expenses which are not deductible for purposes of trade tax on income. The effective trade tax rate depends on the municipality in which the company operates. The average trade tax rate during the period under review was approx. 14 %.

Corporate income tax in Germany is levied at 25 %, whether profits are retained or distributed. Additionally a solidarity surcharge of 5.5 % is imposed on the assessed corporate income tax.

In accordance with SFAS 109, deferred tax assets are recognized for the future benefits associated with tax loss carryforwards. The time limit for the net loss carryforwards in different countries is as follows:

■ Belgium:	unlimited
■ Denmark:	5 years
■ Norway:	10 years
■ Finland:	10 years
■ Spain:	10 years
■ Switzerland:	7 years
■ United Kingdom:	unlimited
■ Netherlands:	unlimited
■ Austria:	unlimited
■ Sweden:	unlimited

The loss carryforwards in Germany can be claimed for an indefinite period; as of December 31, 2001 they were made up mostly of the loss carryforwards of United Internet AG, AdLINK Internet Media GmbH Deutschland and GMX AG.

Deferred taxes were calculated using a composite tax rate (corporate income tax, solidarity surcharge and trade tax). This rate amounts to 36.8 %.

Deferred taxes are composed as follows:

	2001	2000
	€k	€k
Deferred tax assets due to		
– tax loss carryforwards	34,345	22,535
– difference in pension reserves	0	19
– valuation allowances on loss carryforwards	–19,585	–12,675
Total deferred tax assets	14,760	9,879
Deferred tax liabilities due to consolidation adjustments	–181	–536
Total deferred tax liabilities	–181	–536
Deferred tax assets	14,579	9,343

As of December 31, 2001 valuation allowances of €3,619k were made to loss carryforwards of previous years and an additional €6,260k to the additional tax loss carryforwards created in the past fiscal year. The above valuation allowances were recognized to reflect the limited recoverability of the tax loss carryforwards in near future according to the Company's planning.

The aggregate tax rate is reconciled to the Company's effective tax rate as follows:

	2001	2000
	%	%
Expected tax income from pre-tax earnings	36.8	36.8
– Non-deductible amortization of goodwill	–15.1	–12.2
– Difference in tax rates of foreign companies	–3.1	–2.2
– Employee stock ownership plans	0.0	3.0
– Value-adjusted deferred tax assets on losses of comprehensively consolidated companies	–31.7	–23.4
– Reversal of valuation allowances on deferred tax assets on tax losses of comprehensively consolidated companies	15.5	0.0
– Temporary differences of deferred tax assets from consolidation at-equity from	0.0	–1.9
– Non-deductible other expenses (net)	0.4	–3.5
Tax income/expenditure according to income statement	2.8	–3.4

(24) OTHER FINANCIAL OBLIGATIONS AND CONTINGENCIES

a) Leases and rent

As of the balance sheet date obligations from renting buildings and offices as well as from leasing equipment (e. g. company cars, telecommunication equipment, copying machines) amounted to €6,598k, €5,841k, €4,788k, €4,444k and €3,671k for the years 2002 to 2006.

b) Contingent liabilities and other obligations

In connection with the acquisition of subsidiaries belonging to AdLINK AG and twenty4help AG, there are residual purchase price obligations which are tied to the attainment of certain sales and profit figures (earn-out clauses) and, in some cases, to other conditions.

In connection with the acquisition of AdLINK Spain, AdLINK AG must make additional payments to the purchase price for an agreement specifying the minimum employment period of the managing director. In the case that certain sales and profit figures are attained in the years 2000 to 2002, additional payments are to be made to the managing director. Payment is to be made in shares of AdLINK AG, whereby the number of shares will be determined by the issuing price. The expected future personnel expense from this agreement amounts to €69k.

In January 2002, certain amendments were made to the service agreement concluded with the managing director of AdLINK UK at the time of the company's acquisition. The resulting, performance-related payments are to be made in shares of AdLINK AG and can reach a maximum amount of €272k up to fiscal year 2003.

twenty4help AG has been granted subsidies totaling €8,181k from Sächsische Aufbaubank GmbH in Dresden for the establishment of its offices in Görlitz. For the creation of 342 new jobs, the company has received subsidy payments of €2,644k as of December 31, 2001 and recognized €1,303k in earnings in the years 2000 and 2001. These subsidies may have to be repaid fully, or in part, if the required number of jobs is not maintained until March 27, 2008. The management board of twenty4help AG expects that the company will fulfil all conditions of Sächsische Aufbaubank and that a repayment of the received

subsidies is therefore unlikely and the risks involved low. As a result, this obligation is not recorded in the balance sheet. An accrual of € 144k has been formed, however, for risks pertaining to personnel structures.

The Company concluded a loan agreement in the amount of € 1,534k with NT plus on May 2, 2001. So far, € 767k of this credit line has been used.

The management board has no knowledge of any other facts which could have a significant, adverse effect on the business activities, the financial situation or the operating result of the Company.

(25) SEGMENT REPORTING

Segment reporting is based exclusively on the legal structure—and the sub-groups—created at the beginning of the fiscal year 2000. These are the sub-groups 1&1 Internet, GMX, twenty4help, AdLINK and the service companies (Corporate Center).

Sales for fiscal years 2001 and 2000 developed as follows:

	2001 €k	2000 €k
Before consolidation		
– 1&1 Internet	118,115	90,631
– GMX	10,240	6,970
– twenty4help	73,068	61,977
– AdLINK	24,475	30,003
– Corporate Center	29,838	34,442
	255,736	224,023
Consolidation		
– 1&1 Internet	–1,092	–1,284
– GMX	–473	–292
– twenty4help	–1,775	–2,623
– AdLINK	–11	–164
– Corporate Center	–21,659	–25,316
	–25,010	–29,679
After consolidation		
– 1&1 Internet	117,023	89,347
– GMX	9,767	6,678
– twenty4help	71,293	59,354
– AdLINK	24,464	29,839
– Corporate Center	8,179	9,126
	230,726	194,344

1&1 Internet AG is a leading European Internet application provider with the world's largest number of customers for Web hosting. The company provides consumers, businesses and self-employed people with a wide range of online applications. The product range comprises Web hosting (websites, domains, online shops, e-commerce) and Internet access as well as complete Internet solutions with unified messaging and personal information management. In the highly profitable field of Web hosting, 1&1 Internet succeeded in extending its market share in Germany to over 30 % in the past fiscal year. In the field of Internet access, the strong competition among call-to-call providers in fiscal 2001 resulted in an expected market consolidation. Increased revenues in this sector resulted from customer subscriptions and value-added services.

GMX provides value-added services in the field of e-mail and messaging for its private and business customers, wherever they are and whichever provider they are using. The sales realized by the Company derive mainly from the marketing of advertising space on the GMX website. Increasingly, however, GMX is generating revenues from e-commerce cooperation agreements and from fee-based services. The strong increase in sales compared to the previous year resulted mainly from banner advertising and cooperation revenues.

twenty4help reported diverging trends in its two business segments. In the "Vendor Services" segment, the company provides technical support for customers of international market leaders in the field of information technology and communication systems. Sales growth in this sector was less than proportional, due to weaker market demand and increased pressure on prices throughout the Internet sector. The "Corporate Services" segment comprises support services for specific user groups in connection with the use of personal computers in the workplace. Major corporations have outsourced their user helpdesk functions either partially or fully to twenty4help. Sales in this segment performed well in 2001.

The sub-group AdLINK generates its revenues by marketing advertising space. The general economic downturn led to a marked reduction in advertising spend in the past year. This affected all forms of advertising and advertising expenditures, but hit the electronic media hardest of all. As a result, consolidated sales of AdLINK were lower than in the previous year. The proportion of European sales generated outside Germany continued to rise to

77 % (prior year: 64 %), allowing AdLINK to further reduce its dependency on local economic conditions. With a 40 % fall in total market turnover, AdLINK was able to defend its position as Europe's second largest independent company in its sector, measured by sales.

Apart from United Internet AG, the service companies are val-U Marketing GmbH, A1 Marketing GmbH and MIP Multimedia Internet Park GmbH. They mainly provide marketing and management services.

The operating results of the sub-groups developed as follows in fiscal years 2001 and 2000:

Development of earnings	2001	2000
1&1 Internet		
– EBITDA	23.7	10.5
– EBT	13.4	0.3
GMX		
– EBITDA	–0.4	–10.0
– EBT	–3.2	–12.1
twenty4help		
– EBITDA	18.5	12.6
– EBT	11.2	7.1
AdLINK		
– EBITDA	–15.2	–12.6
– EBT	–21.9	–13.5

EBITDA = Earnings before interest, taxes, depreciation and amortization

EBT = Earnings before taxes

The distribution of the tangible and intangible assets on the single segments is shown in the following table:

	2001	2000
	€k	€k
Tangible and intangible assets		
1&1 Internet	64,191	49,829
GMX	13,789	13,891
twenty4help	31,123	40,420
AdLINK	90,942	116,950
Corporate Center	69,303	85,682
Total	269,348	306,772

(26) CHANGES IN REPORTING ENTITY

In the course of fiscal year 2001 the following companies were founded:

- Convigate Network Solutions GmbH, Montabaur
- 1&1 Internet Service GmbH, Zweibrücken
- GMX Internet Services GmbH, Montabaur

In the course of fiscal year 2001 the following company was acquired:

- AdLINK Internet Media B.V., Amsterdam

In accordance with the U.S. accounting standard APB 16.96, the company figures and information must be presented as if the companies acquired in 2001 had already belonged to the United Internet Group at the beginning of the prior year. The four companies posted total sales of less than € 5 million. The annual result of these four companies is almost balanced.

(27) EXEMPTION PURSUANT TO SEC. 264 (3) HGB

The following companies of the United Internet Group have made use of their statutory exemption rights pursuant to sec. 264 (3) HGB, and thus will not disclose their annual financial statements:

- val-U Marketing GmbH, Montabaur
- A1 Marketing, Kommunikation und neue Medien GmbH, Montabaur
- twenty4help Knowledge Service AG, Montabaur
- twenty4help Knowledge Service GmbH, Dortmund
- twenty4help Knowledge Service GmbH, Görlitz
- twenty4help Knowledge Service GmbH, Zweibrücken
- 1&1 Internet AG, Montabaur
- Schlund + Partner AG, Karlsruhe
- 1&1 puretec GmbH, Karlsruhe
- 1&1 Internet Service GmbH, Zweibrücken
- GMX Internet Services GmbH, Montabaur

(28) SUBSEQUENT EVENTS**AdLINK's purchase of European media business of DoubleClick Group**

In late January 2002, AdLINK acquired the European media business of its competitor DoubleClick Inc., New York, for € 32.8 million, as well as accepting financial liabilities towards other members of the DoubleClick Group amounting to € 5 million.

Simultaneously, United Internet AG signed an option agreement with DoubleClick Inc. and its subsidiary, DoubleClick Media Europe Limited, British Virgin Islands. Under the terms of this agreement, United Internet AG is entitled to sell 3,862,500 AdLINK shares, corresponding to 15 % of AdLINK's current capital stock, to DoubleClick Media Europe Limited ("put option"). Should United Internet AG exercise its put option, DoubleClick Media Europe Limited receives a call option for a further 5,407,500 AdLINK shares, corresponding to 21 % of AdLINK's current capital stock. If the put option is exercised, DoubleClick Media Europe Limited is obligated to transfer a purchase price of € 35.5 million. However, should the call option be exercised—subject to AdLINK achieving agreed profitability criteria—DoubleClick Media Europe is not required to pay any further purchase price.

With a declaration of January 31, 2002 United Internet AG exercised its put option and transferred 3,862,500 AdLINK shares to DoubleClick Media Europe Limited and 5,407,500 AdLINK shares to the trustee, Contor Treuhandgesellschaft mbH Wirtschaftsprüfungsgesellschaft, on February 8, 2002. In return, United Internet AG received a purchase price of € 35.5 million.

On November 12, 2001 United Internet AG, DoubleClick International Advertising Limited, Ireland, and AdLINK also signed a business combination agreement. Under the terms of this agreement, should United Internet AG

exercise its put option, it is obligated under the option agreement in the Federal Republic of Germany to make a public purchase offer for up to 37.13 % of each AdLINK shareholder's shares at a price of € 3.83 per share. With this offer, United Internet AG intends to give each external shareholder of AdLINK the opportunity to sell their AdLINK shares in the same proportion and at the same price as United Internet's sale of AdLINK shares to DoubleClick Media Europe Limited in the case of the call option being exercised.

Adecco prepares offer for jobpilot shareholders

Adecco S. A., Chéserey/Switzerland and jobpilot AG, in which United Internet AG holds a significant equity interest of 25.58 %, signed a business combination agreement on February 6, 2002. Under the terms of this agreement, Adecco is contractually obligated to make an offer of € 5.30 for each jobpilot share.

It is planned to conclude the takeover offer in April 2002. The execution of the takeover is subject to an acceptance rate of 75 % and the necessary approval by anti-trust authorities. Should these conditions be met, United Internet AG will receive proceeds of approximately € 18.5 million from the sale of its shares in jobpilot to Adecco S. A.

Montabaur, March 1, 2002

The Management Board

Ralph Dommermuth	Norbert Lang	Richard Seibt
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United Internet AG – Development of fixed assets of the Group

for Fiscal Year 2001 in €k

	Acquisition costs			Dec. 31, 2001
	Jan. 1, 2001	Additions	Disposals	
Intangible Assets				
Licenses	13,289	1,963	95	15,157
Software	11,384	3,017	881	13,520
Goodwill	75,656	9,022	367	84,312
	100,330	14,002	1,342	112,989
Property, plant, and equipment				
Land and buildings	6,551	6	22	6,534
Operational and office equipment	38,440	14,625	3,227	49,838
Advance payments	358	25	157	227
	45,349	14,656	3,406	56,599
Financial assets				
Equity investments	43,360	2,047	7,281	38,126
Other financial assets	16,269	12,782	5,458	23,592
	59,630	14,829	12,740	61,719
Total	205,309	43,486	17,488	231,307

Exhibit

Accumulated depreciation			Net book value		
Jan. 1, 2001	Additions	Disposals	Dec. 31, 2001	Jan. 1, 2001	Dec. 31, 2001
5,364	4,042	11	9,395	7,925	5,762
4,800	3,666	380	8,086	6,584	5,434
14,031	17,528	0	31,559	61,626	52,753
24,195	25,235	391	49,040	76,135	63,949
2,121	233	13	2,341	4,430	4,194
14,721	11,827	2,679	23,868	23,719	25,970
0	0	0	0	358	227
16,842	12,059	2,692	26,209	28,507	30,390
21,027	10,267	4,961	26,334	22,333	11,792
5,227	16,937	4,500	17,663	11,043	5,930
26,254	27,204	9,461	43,997	33,376	17,722
67,291	64,498	12,544	119,246	138,018	112,061

REPORT OF INDEPENDENT AUDITORS

We have audited the consolidated financial statements, comprising the balance sheet, the income statement and the statements of changes in shareholders' equity and cash flows as well as the notes to the financial statements prepared by the United Internet AG for the business year from January 1 to December 31, 2001. The preparation and the content of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (US-GAAP) are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that it can be assessed with reasonable assurance whether the consolidated financial statements are free of material misstatements. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows of the United Internet AG Group for the business year in accordance with accounting principles generally accepted in the United States of America.

Our audit, which also extends to the group management report prepared by the Company's management for the business year from January 1 to December 31, 2001, has not led to any reservations. In our opinion on the whole the group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the group management report for the business year from January 1 to December 31, 2001 satisfy the conditions required for the Company's exemption from its duty to prepare consolidated financial statements and the group management report in accordance with German law.

Stuttgart, March 15, 2002

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Held
Wirtschaftsprüfer

Hundshagen
Wirtschaftsprüfer

Holding Company's Financial Statements according to HGB

Statement of Income

Balance Sheet

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Report of Independent Auditors

Holding Company's Financial Statements according to HGB

United Internet AG – Statement of Income according to HGB

from January 1, 2001 to December 31, 2001 in €k

	2001	2000
Net sales	2,438	2,023
Other operating income	2,988	2,625
Cost of materials		
Cost of purchased services	-1,723	-1,515
Personnel expenses		
a) Wages and salaries	-2,255	-2,313
b) Social security contributions thereof for pensions € 35k (prior year € 19k)	-321	-331
Amortization and depreciation of intangible assets and property, plant, and equipment	-327	-418
Other operating expenses	-9,417	-8,007
Income from profit transfer agreements	24,410	2,147
Income from investments	4,343	249
Other interest and similar income	1,119	1,770
Losses absorbed	-198	0
Depreciation on financial assets	-30,272	-15,067
Interest and similar expenses	-5,478	-3,290
Financial result	-6,076	-14,191
Result from ordinary activities	-14,693	-22,127
Result before taxes	-14,693	-22,127
Taxes on income	-1,436	44
Other taxes	-2	-4
Net loss for the year	-16,131	-22,087
Accumulated deficit	-23,842	-1,755
Balance sheet loss	-39,973	-23,842

United Internet AG – Balance Sheet according to HGB

as of December 31, 2001 in €k

ASSETS	Dec. 31, 2001	Dec. 31, 2000
Fixed assets		
Intangible assets		
Concessions, industrial and similar rights and assets and licenses in such rights and assets	91	135
	91	135
Property, plant and equipment		
Other equipment, operational and office equipment	450	792
	450	792
Financial assets		
Shares in affiliated companies	100,536	84,092
Loans due to affiliated companies	0	255
Investments	20,677	38,329
Silent partnership investments in affiliated companies	0	3,579
Loans to companies in which an investment is held	4,484	9,496
Other loans	770	1,389
	126,467	137,140
	127,008	138,067
Current assets		
Accounts receivable and other assets		
Accounts receivable, trade	3	2
Receivables due from affiliated companies	24,608	2,932
Receivables due from companies in which an investment is held	6	236
Other assets	3,861	2,107
	28,478	5,277
Cash in hand and bank balances	20	41
	28,498	5,318
Prepaid expenses	99	184
	155,605	143,569

EQUITY AND LIABILITIES	Dec. 31, 2001	Dec. 31, 2000
Equity		
Subscribed capital	56,882	51,680
Additional paid-in capital	38,354	30,603
Revenue reserves	898	898
Accumulated deficit	-23,842	-1,755
Net loss for the year	-16,131	-22,087
	56,161	59,339
Accruals		
Pension reserves	0	137
Accrued taxes	1,517	84
Other reserves and accrued liabilities	1,621	563
	3,138	784
Liabilities		
Bonds	1,743	273
– thereof convertible: € 1.743k (prior year: € 273k)		
Liabilities due to banks	81,018	70,580
Accounts payable, trade	826	784
Liabilities due to the issuance of bills	5,113	0
Liabilities due to affiliated companies	2,438	6,829
Other liabilities	5,168	4,980
	96,306	83,446
	155,605	143,569

UNITED INTERNET AG**Notes to the Financial Statements for Fiscal Year 2001****GENERAL PROVISIONS**

United Internet AG, Montabaur, is a large corporation pursuant to Sec. 267 (3) HGB (German Commercial Code).

The financial statements for fiscal year 2001 are based on the provisions of the German Commercial Code and the Stock Corporation Act (AktG), as amended.

The income statement has been prepared according to the cost summary method.

We make reference to the fact that consolidated financial statements have been prepared according to US accounting provisions (US-GAAP) to comply with the listing requirements for the Neuer Markt and Sec. 292a HGB, and have been published in accordance with Sec. 325 HGB.

INFORMATION ABOUT THE COMPANY

The business activities of United Internet AG go back to "Eins & Eins EDV Marketing GmbH" which was founded by Mr. Ralph Dommermuth and two other shareholders in 1988. The name of this marketing company was changed to "1&1 EDV Marketing GmbH", before being finally renamed "1&1 Holding GmbH" in 1993.

United Internet AG was founded on January 29, 1998 as a new holding company for the 1&1 Group, with the name 1&1 Aktiengesellschaft & Co. Kommanditgesellschaft auf Aktien, a partnership limited by shares. The Company was entered into the commercial register at the Local Court of Montabaur against HRB 5762 on February 16, 1998; 1&1 Holding GmbH was then merged into the company with effect from January 1, 1998.

On March 20, 1998 the Company's shares were admitted to the regulated market with listing in the Neuer Markt on the Frankfurt Stock Exchange. The shares were traded for the first time on March 23, 1998.

The extraordinary partners' meeting on February 22, 2000 adopted a resolution to change the name of the Company to United Internet Aktiengesellschaft & Co. KGaA. The new name was entered in the commercial register on February 23, 2000.

The change of legal form to a stock corporation by the name of United Internet AG, also decided on February 22, 2000, was entered in the commercial register on March 23, 2000.

PURPOSE OF THE COMPANY

The purpose of the Company is to provide marketing, selling and other services, especially in the fields of telecommunications, information technology, including the Internet, and data processing or related areas. The Company's purpose also includes the acquisition, holding and management of investments in other companies, especially those operative in the aforementioned business segments.

MANAGEMENT AND REPRESENTATION OF THE COMPANY

The Company's management board manages and represents the Company. According to its by-laws, the management board has one or more members, the number of which is determined by the supervisory board. If the management board has only one member, the Company is represented by this person. If it has more than one member, the Company is represented by two members of the management board or by one member of the management board collectively with a person holding power of attorney; however, the supervisory board may authorize particular members of the management board to represent the Company on their own.

NOTES TO BALANCE SHEET ITEMS

All figures are in euro (€).

ACCOUNTING AND VALUATION METHODS

Additions of assets are capitalized at acquisition cost. Intangible assets acquired for a consideration were capi-

alized at acquisition cost and were subject to scheduled amortization.

Property, plant and equipment are valued at cost less scheduled depreciation over their normal useful lives. Additions from 1995 onwards have been depreciated using the declining balance method. The Company has made use of the simplification rule of R 44 (2) of the German Income Tax Regulations (EStR), which allows half the annual depreciation charge to be allocated to additions until June 30 and the full charge for those acquired afterwards. Additions before 1995 have been depreciated according to the straight-line method.

Pursuant to a change in tax regulations, additions after January 1, 2001 are depreciated using the declining balance method at a maximum rate of 20 %, instead of 30 %. For additions amounting to € 24k in 2001, the impact on property, plant and equipment, depreciation and the cash flow statement is insignificant.

Software and corresponding licenses are amortized over a period of 2 to 5 years. Operational equipment is usually depreciated over 4 to 5 years. Leasehold improvements are written off over the term of the lease. The normal useful life of office furniture and equipment is 8 to 13 years, that of the vehicles 4 to 6 years.

Low-value items are fully expensed in the year of acquisition; for the sake of simplicity it is assumed that they are disposed of immediately.

Shares in affiliated companies, investments and other financial assets are recorded at the lower of the acquisition cost or realizable value on the balance sheet date.

Receivables and other assets are recorded at nominal value. General risks that are significant in terms of amount are covered by lump-sum bad debt allowances.

Pension accruals are stated according to actuarial reports in accordance with Sec. 6a EStG (Income Tax Act). Appropriate and adequate accruals have been recognized for contingent liabilities and recognizable risks.

Liabilities are stated at the amount repayable.

FIXED ASSETS

Reference is made to the fixed asset movement schedule (Exhibit 1) for the classification and development of fixed assets.

Intangible Assets and Property, Plant and Equipment

The most important investments in this area are operational equipment, purchased software and licenses and vehicles.

Financial Assets

Information on the equity situation and results of operations of the affiliated companies and associated companies, companies, stating the share held, is provided in the list of shareholdings (Exhibit 2).

In fiscal year 2001 United Internet AG reported total additions of € 29.9 million (2000: € 96.8 million). Of this total, € 16.4 million were shares in affiliated companies, € 12.2 million were loans and € 1.2 million were participations.

Additions to shares in affiliated companies of € 16.4 million concern GMX AG (€ 8.1 million), 1&1 Internet AG (€ 6.8 million) and twenty4help Knowledge Service AG (€ 1.5 million). Of the total of € 16.4 million, € 13.0 million alone resulted from the transfer of management shares in the aforementioned companies to United Internet AG.

Additions to loans comprise loans to companies in which an investment is held (€ 11.3 million) and loans to the shareholders of these associated companies (€ 0.9 million).

In fiscal year 2001 unscheduled write-offs amounting to € 30.3 million were charged to investments and related loans, writing them down to their lower net realizable values on the balance sheet date.

Of these total write-offs, € 13.3 million relate to investments, including gatrixx, car4you, Preisauskunft and Metropolis. Write-offs for loans, totaling € 17.0 million, mainly concerned inson, car4you, livingNet, ICAN and Metropolis.

Disposals amounted to € 17.8 million, of which investments accounted for € 12.1 million and loans for € 5.7 million.

The disposal of investments resulted mainly from the sale of the shares in Netzpiloten, itrade and Cobion. In accordance with an existing agreement, the silent partnership in GMX AG was netted with existing loans due, and thus terminated. The disposals of loans related mainly to livingNet and Netzpiloten.

CURRENT ASSETS

Receivables and Other Assets

No specific bad debt allowances had to be made for trade receivables. No lump-sum bad debt allowance to cover the general credit risk was recognized either owing to the low volume of receivables.

Receivables from affiliated companies comprise receivables due from 1&1 Internet AG, twenty4help Knowledge Service AG and val-U Marketing GmbH in accordance with the domination and profit and loss transfer agreements concluded with these companies, and from trade.

The other assets include mostly tax refunds from corporate income tax credits on investment income and as a result of the loss carryback.

The receivables from companies in which an investment is held refer to interest receivable from associated companies and their shareholders.

Receivables and other assets are due in less than one year.

PREPAID EXPENSES

In accordance with Sec. 250 (3) HGB, prepaid expenses contains deferred debt expenses of € 91k which will be released to expenses over the term of the underlying loan.

EQUITY

The Company has the legal form of a stock corporation ("Aktiengesellschaft").

Capital Stock and Shares

The fully paid in capital stock amounts to € 56,881,887 as at the balance sheet date. Following a decision by the

general partner of 1&1 Aktiengesellschaft & Co. KGaA (now United Internet AG), 1&1 Aktiengesellschaft & Co. Beteiligungsgesellschaft, on December 3, 1999, the Company's capital stock was increased out of approved capital by € 613,550.26 from € 8,098,863.40 to € 8,712,413.66 in return for a non-cash contribution. The contribution in kind was a 20 % interest in 1&1 Geschäftsführungs GmbH which was held by a third party, 3D Beteiligungen GmbH & Co. KG.

In a written declaration of December 30, 1999 the general partner requested that its capital contribution of € 499,368.56 (fixed general partner's capital account) be converted to capital stock. The extraordinary partners' meeting on February 22, 2000 therefore decided to increase the capital stock in return for non-cash contributions by € 4,499,368.56 from € 8,712,413.66 to € 13,211,782.22 with the issue of 1,760,000 new bearer no-par shares at an issue amount of € 2.56 each, which is equivalent to a theoretical share in the capital stock of € 2.56. The statutory right to subscribe was excluded. This increase in capital was entered in the commercial register of the Local Court of Montabaur on March 14, 2000. 1&1 Aktiengesellschaft & Co. Beteiligungsgesellschaft, which has its seat in Montabaur, subscribed to and took up the new shares. The company made its contribution in kind by contributing the general partner's claim to payment of its capital contribution of € 4,499,368.56 that can be converted to capital stock. Beforehand, the general partner balanced the variable accounts (clearing account, reserve account, loss carryforward account) set up for it in accordance with the bylaws of 1&1 Aktiengesellschaft & Co. KGaA by paying € 1,012,047.36 to the Company. Having made this equalization payment, the criterion for the conversion of its fixed capital contribution to capital stock pursuant to article 7 of the by-laws of 1&1 Aktiengesellschaft & Co. KGaA.

At the general meeting of shareholders on May 3, 2000, the decision was made to increase the Company's capital stock out of capital reserves by € 38,468,217.78 from € 13,211,782.22 to € 51,680,000. The increase was implemented by converting a portion of € 38,468,217.78 of the capital reserves stated in the approved balance sheet of the Company as of December 31, 1999. The capital increase took place in accordance with Sec. 207 (2), second sentence AktG, with no new shares being issued.

The general meeting of shareholders on May 3, 2000 also decided to convert the Company's 5,168,000 no-par

shares with a theoretical share in the capital stock of € 2.56 each (rounded) by redenominating them into 51,680,000 no-par shares having a theoretical share in the capital stock of € 1.00 each. The capital increase out of retained earnings and the redenomination of the shares were entered in the commercial register on June 20, 2000.

Finally, the general meeting of shareholders on May 3, 2000 decided to convert all of the shareholder's shares from bearer shares to registered shares. The conversion of the shares to registered shares was entered in the commercial register on June 20, 2000, trading in registered shares commenced on August 28, 2000.

By partially using approved capital, the Company raised capital stock in December 2001 by € 5,201, 887, from € 51,680,000 to € 56,881,887, by issuing 5,201,887 new registered no-par shares for contribution in kind.

The Company's capital stock now amounts to € 56,881,887, divided into 56,881,887 registered no-par shares having a theoretical share in the capital stock of € 1.00 each.

Approved Capital

The Company's management board is authorized, subject to the approval of the supervisory board, to increase the capital stock by May 2, 2005 by a maximum of € 20,638,113 by issuing on one or more occasions common and/or non-voting preference shares in return for cash or non-cash contributions. The shareholders shall be granted subscription rights. However, the management board is authorized, subject to the approval of the supervisory board, to exclude the right to subscribe in the following cases:

a) Capital increases of up to a total of € 5,168,000, if the new shares are issued in return for cash contributions and the issue amount of the new shares is not substantially—and in no case more than 5 %—lower than the quoted market price of shares with the same terms at the time of finalizing the issue amount. If the Company has acquired its own shares by virtue of authorization under Sec. 71 (1) No. 8 AktG, and, without granting a subscription right to shareholders, sold them in any way other than through the stock market, the above mentioned authorization to exclude shareholders' subscription rights is reduced by the proportion of the capital stock attributable to the treasury stock sold in this way;

b) Capital increases of up to a total of € 5,134,113, if the new shares are issued in return for contributions in kind;

c) To equalize fractional amounts created by a capital increase.

Conditional Capital

The following conditional capital exists:

The capital stock has been conditionally increased by up to € 2,000,000, divided into 2,000,000 no-par registered shares. A portion of the conditional capital of € 1,200,000 is earmarked for conversion options to be granted to the bearers of tranche (a) convertible bonds, a portion of € 800,000 for the granting of conversion rights to the bearers of tranche (b) convertible bonds; the issue of both types of bond was decided by the shareholders' meeting on February 18, 1998. It will only be implemented to the extent that these conversion rights are exercised.

The Company's capital stock has been conditionally increased by a further € 1,955,830, divided into 1,955,830 no par registered shares. The conditional capital increase will only be implemented to the extent that the bearers of the options—issued in accordance with the resolution passed by the ordinary shareholders' meeting of the Company on June 7, 1999—exercise these rights. The new shares will participate in profits from the beginning of the fiscal year in which the shares are issued.

The capital stock has been conditionally increased by up to a further € 5,867,490, divided into 5,867,490 no-par registered shares. The conditional capital increase will only be executed to the extent that the bearers of warrants or conversion rights from the warrant-linked bonds or convertible bonds issued by the Company or a direct or indirect German or foreign wholly-owned subsidiary until May 2, 2005 in accordance with the resolution passed by the general meeting of shareholders on May 3, 2000 exercise these rights, or to the extent that the bearers who are obligated to convert the convertible bonds issued by the Company or a direct or indirect German or foreign wholly owned subsidiary until May 2, 2005 meet their obligation to convert such bonds. The new shares will participate in profits from the beginning of the fiscal year in which they are created through the exercise

of option or conversion rights or by meeting conversion obligations.

The capital stock has been conditionally increased by up to a further € 2,500,000, divided into 2,500,000 no-par shares. The conditional capital increase is earmarked for conversion options to be granted to bearers of convertible bonds, the issue of which was decided by the shareholders' meeting on May 16, 2001. The conditional capital increase will only be executed to the extent that the bearers exercise their conversion rights. The shares will participate in profits from the beginning of the fiscal year in which they are created by exercising the conversion rights.

Pursuant to Sec. 71 (1) No. 8 AktG, the Company is entitled to acquire its own shares until November 15, 2002 up to a limit of ten percent of capital stock. The purchase price may be no lower than five percent below the share's market price, nor higher than five percent above its market price.

The Company's management board is authorized, subject to the approval of the supervisory board, to sell treasury stock it has acquired in other ways than through the stock exchange or by offering to all shareholders, if the acquired treasury stock is sold for cash contribution at a price not significantly below the market price for such shares at the time of sale, or for reasonable non-cash consideration.

This permission declines by the proportion of capital stock attributable to shares excluded from subscription rights by the Company's by-laws. The management board is further permitted, subject to the approval of the supervisory board, to call in shares without a further resolution of the general meeting of shareholders.

	Dec. 31, 2001 Total €k	Less than one year €k	Between one and five years €k	More than five years €k	Dec 31, 2000 Total €k
Bonds	1,743	0	1,743	0	273
thereof convertible € 1743k (prior year: € 273k)					
Liabilities due to banks	81,018	77,103	3,915	0	70,580
Accounts payable, trade	826	826	0	0	784
Liabilities due to affiliated companies	2,438	2,438	0	0	6,829
Liabilities due to the issuance of bills	5,113	5,113	0	0	0
Other liabilities	5,168	5,168	0	0	4,980
thereof for social security € 28k (prior year: € 47k)					
	96,306	90,648	5,658	0	83,446

Capital stock and capital reserves developed as follows (€):

Capital stock

– Balance on December 31, 2000	51,680,000.00
– Increase of capital in return for non-cash contribution, entered in the commercial register on December 13, 2001	5,201,887.00
– Balance on December 31, 2001	56,881,887.00

Capital reserves

– Balance on December 31, 2000	30,602,711.70
– Increase of capital in return for non-cash contribution, entered in the commercial register on December 13, 2001	7,750,808.52
– Balance on December 31, 2001	38,353,520.22

According to article 21 of the by-laws of United Internet AG, the general meeting of shareholders decides on the appropriation of the retained earnings. The accumulated deficit amounts to € 39,973,024.74.

ACCRUALS

Other accrued liabilities contain appropriate accrued liabilities which have been set up for all foreseeable liabilities whose amount and nature are uncertain. They relate to provisions, especially for legal, auditing and consulting fees (€ 403k), outstanding invoices (€ 557k), bonuses (€ 159k) and personnel expenses.

LIABILITIES

The classification and maturities of the liabilities are shown in the following table:

The bonds are convertible bonds granted to executives of the Company and its affiliated companies as part of the employee stock ownership plan. Their maturity has been determined according to their earliest possible date of conversion.

The Company's general meeting on February 18, 1998 authorized the following issues of convertible bonds to executives:

Tranche (a)

The Company's management board was authorized, subject to the approval of the supervisory board, to issue on one or more occasions until February 15, 2003 interest-bearing convertible bonds with a maximum total par value of € 1,200k and a maximum term of seven years to executive employees of the Company and to members of the representative bodies of affiliated companies.

Tranche (b)

The supervisory board was authorized to issue on one or more occasions until February 15, 2003, interest-bearing convertible bonds of a maximum par value of € 800k and a term of no more than seven years to members of the Company's management board. The shareholders' statutory subscription right was excluded in each case.

In the fiscal year, no convertible bonds were granted out of tranche (a). € 33k was repaid when employees left the Company and new employee stock ownership plans were introduced. In the fiscal year tranche (b) convertible bonds in the amount of € 26k were given back by Mr. Norbert Lang and in the amount of € 102k by Mr. Richard Seibt. Hence as of the balance sheet date, only € 113k of tranche (a) are shown under bonds.

The convertible bonds, which bear 4 % interest p. a., may be exchanged as a whole or in parts for shares in United Internet AG. Each DM 5 par value (€ 2.56) of the convertible bonds can be exchanged for ten registered shares. This is equivalent to a total of 440,500 registered shares. If the conversion option is exercised, a cash payment of € 3.83 has to be made for the purchase of one share. Bonds may be converted after a minimum of three years providing that certain conditions linked to the development of the share price are fulfilled.

In addition to the convertible bonds, the general meeting of June 7, 1999 resolved that stock options may be issued to the group's executives. Conditional capital of € 1,955,830 was created for this purpose. The stock options granted in the previous year were returned. There are therefore no stock options resulting from the general meeting resolution of June 7, 1999, which are still outstanding.

The general meeting of May 16, 2001 resolved that convertible bonds may also be granted to members of the management board and other executives of the Company and its subsidiaries, as well as to members of executive bodies of Company subsidiaries, with the exception of members of supervisory boards of subsidiaries headquartered in Germany. Conditional capital of € 2,500,000 was created for this purpose. Those entitled receive the right to convert their convertible bonds, in total or in part, into Company shares after certain periods of time. If the conversion option is exercised, a cash payment has to be made for the purchase of one share in the amount by which the conversion price exceeds the par value of the convertible bond. In the period under review € 490k was issued to members of the Company's management board and € 1,140k to Company executives and members of executive bodies of subsidiaries.

The liabilities to affiliated companies consist of loan liabilities to GMX AG (€ 1,636k) and liabilities for services received. The loan granted by GMX AG accrues interest at 3 month euro LIBOR plus 0.75 % p. a.

The other liabilities consist mainly of the delayed payment for the purchase of shares in GMX AG to former members of the management board of GMX AG, amounting to € 4,952k. The loan was granted until March 30, 2002. It bears interest of 4.5 % p. a.

NOTES TO THE INCOME STATEMENT

SALES

The Company's sales were generated exclusively in Germany and predominantly comprise charges to subsidiaries for services and rent.

OTHER OPERATING INCOME

The other operating income mainly consists of income from the disposal of financial assets (€ 2,552k).

OTHER OPERATING EXPENSES

In addition to losses from the disposal of financial assets (€ 3,810k), the other operating expenses contain rent expenses and legal and consulting fees. The item also contains expenses of € 73k that do not relate to the period.

INCOME FROM PROFIT AND LOSS TRANSFER AGREEMENTS

This item comprises the profits and losses transferred by 1&1 Internet AG, twenty4help Knowledge Service AG and val-U Marketing GmbH.

INCOME FROM INVESTMENTS

Income from investments results mainly from dividend payments of twenty4help Knowledge Service AG, concerning its fiscal year 2000.

DEPRECIATION ON FINANCIAL ASSETS

This item contains depreciation on investments and loans in several companies. The reasons for this unscheduled depreciation are the lower net realizable values of these investments at the balance sheet date as a result of the uncertainty surrounding the future development of Internet companies whose business model focuses on marketing their own websites as advertising space.

INCOME TAXES

Income taxes include expected additional payments due to a tax audit of the years 1994 to 1997 carried out in 2001.

OTHER DISCLOSURES

Average Number of Employees

An average of 44 permanent salaried staff (including apprentices, but without executive boards and part-time staff) were employed in the past fiscal year (prior year: 51).

Executive Bodies of United Internet AG

The management board consisted of the following members:

- Ralph Dommermuth, Montabaur
- Norbert Lang, Waldbrunn
- Michael Scheeren, Dreikirchen
(until December 31, 2001)
- Richard Seibt, Königswinter

Remuneration paid to the members of the management board totaled € 619k in the past fiscal year.

As of December 31, 2001, the supervisory board of United Internet AG consisted of the following members:

- Kurt Dobitsch, chairman
entrepreneur, Baldham
- Hans-Peter Bachmann, Erlenbach, Switzerland
(until December 31, 2001)
- Bernhard Dorn,
self-employed business consultant, Leonberg

The members of the supervisory board also belong to the supervisory boards of the following companies:

Kurt Dobitsch

- 1&1 Internet AG, Montabaur
- AdLINK Internet Media AG, Montabaur (chairman)
- Bechtle AG, Gaildorf
- Finex Finanzforum AG, Ebersberg
- GMX AG, Munich (chairman)
- Nemetschek AG, Munich
- R + S AG, Denkendorf

Bernhard Dorn

- ATOSS Software AG, Munich
(deputy chairman)
- ce CONSUMER ELECTRONIC AG, Munich
- Colonia Nordstern Versicherungs Management AG,
Cologne
- IDG GmbH, Frankfurt
- SYSTEMATICS AG, Hamburg
(deputy chairman)
- TDS Informationstechnologie AG, Neckarsulm
(deputy chairman)
- TLC GmbH, Wiesbaden
- twenty4help Knowledge Service AG, Montabaur

The total remuneration granted to members of the supervisory board for fiscal year 2001 amounted to € 82k.

Other Financial Commitments

The Company has obligations under rent agreements, mostly for its offices and business premises in Montabaur.

	2002
	€k
Liabilities from leasing	
and long-term rent obligations	4,397
of which due within one year	1,196
of which due in more than five years	0

Montabaur, March 15, 2002

The Management Board

Ralph	Norbert	Richard
Dommermuth	Lang	Seibt

United Internet AG – Development of Fixed Assets
for Fiscal Year 2001 in €k

	Acquisition costs			Dec. 31, 2001
	Jan. 1, 2001	Additions	Disposals	
Intangible assets				
Licenses	134	2	0	136
Software	613	0	0	613
	747	2	0	749
Property, plant and equipment				
Operational equipment	913	20	74	859
Office furniture and equipment	589	0	0	589
Leasehold improvements	111	1	6	106
Motor vehicles	498	0	118	380
Low-value items	0	3	3	0
	2,111	24	201	1,934
Financial Assets				
Shares in affiliated companies	84,092	16,444	0	100,536
Loans due to affiliated companies	256	0	256	0
Investments	48,170	1,199	8,488	40,881
Silent partnership investments in affiliated companies	3,579	0	3,579	0
Loans to companies in which an investment is held	13,429	11,312	4,193	20,548
Other loans	2,682	921	1,234	2,370
	152,207	29,876	17,749	164,335
Total	155,065	29,904	17,951	167,018

Exhibit 1

Accumulated depreciation			Net book value		
Jan. 1, 2001	Additions	Disposals	Dec. 31, 2001	Jan. 1, 2001	Dec. 31, 2001
58	18	0	76	76	60
553	29	0	582	59	31
611	47	0	658	135	91
659	118	43	734	254	125
389	61	0	450	199	138
79	5	0	84	32	21
191	92	68	216	307	166
0	3	3	0	0	0
1,319	279	115	1,484	792	450
0	0	0	0	84,092	100,536
0	0	0	0	256	0
9,841	13,336	2,972	20,205	38,329	20,677
0	0	0	0	3,579	0
3,933	16,323	4,193	16,064	9,496	4,484
1,294	614	308	1,599	1,389	770
15,067	30,273	7,473	37,867	137,140	126,467
16,998	30,599	7,588	40,010	138,067	127,008

United Internet AG, Montabaur – List of Shareholdings

as at December 31, 2001

Exhibit 2

	Equity as at December 31, 2001 €k	Profit/loss of fiscal year 2001 €k	Shares in %
Direct shareholdings			
1&1 Internet AG, Montabaur ¹⁾	13,893	0	100.00
GMX AG, Munich	11,619	-3,199	100.00
MIP Multimedia Internet Park GmbH, Zweibrücken	378	192	100.00
A1 Marketing, Kommunikation und neue Medien GmbH, Montabaur ¹⁾	31	0	100.00
twenty4help Knowledge Service AG, Montabaur ¹⁾	11,034	408	100.00
United Internet Start-up GmbH, Montabaur	23	-6	100.00
val-U Marketing GmbH, Montabaur ¹⁾	511	0	100.00
AdLINK Internet Media AG, Montabaur	86,781	-18,464	77.27
preisauskunft.de Online Informationssysteme AG, Ettlingen	411	-1,280	42.90
NT plus AG, Osnabrück	11,694	4,094	39.23
Metropolis AG, Tübingen	-1,518	-1,050	38.53
fun communications GmbH, Karlsruhe	1,163	390	33.33
jobpilot AG, Bad Homburg	50,172	-28,049	25.58
Indirect shareholdings			
1&1 Internet Ltd., London/United Kingdom	39	-2,172	100.00
1&1 Internet S.A.R.L., Sarrguemines/France	0	715	100.00
1&1 Internet Service GmbH, Zweibrücken ⁴⁾	25	0	100.00
1&1 puretec GmbH, Karlsruhe ⁵⁾	118	0	100.00
twenty4help Knowledge Service AB, Ljusdal/Sweden	1,062	193	100.00
twenty4help Knowledge Service AG, Biel/Switzerland	1,008	1,084	100.00
twenty4help Knowledge Service B.V., Maastricht/Netherlands	494	1,133	100.00
twenty4help Knowledge Service GmbH, Dortmund ²⁾	258	0	100.00
twenty4help Knowledge Service GmbH, Görlitz ³⁾	525	0	100.00
twenty4help Knowledge Service GmbH, Zweibrücken ³⁾	25	0	100.00
twenty4help Knowledge Service Ltd., Newcastle/United Kingdom	136	396	100.00
General Media Xervices GMX S.L., Madrid/Spain ⁶⁾	n/a	n/a	100.00
GMX France S.A.R.L., Paris/France ⁶⁾	n/a	n/a	100.00
GMX Internet Services GmbH, Montabaur ⁴⁾	25	0	100.00
GMX Internet Services Ltd., Nottingham/United Kingdom ⁶⁾	n/a	n/a	100.00
GMX Italia S.R.L., Milan/Italy ⁶⁾	n/a	n/a	100.00
Schlund + Partner AG, Karlsruhe ⁴⁾	361	0	100.00
CONVIGATE Network Solutions GmbH, Montabaur	507	72	77.99
AdLINK Internet Media AB, Stockholm/Sweden	-150	-1,619	77.27
AdLINK Internet Media APS, Kopenhagen/Denmark	-23	-1,276	77.27
AdLINK Internet Media AS, Oslo/Norway	-106	-1,213	77.27
AdLINK Internet Media Axial, Paris/France	29	-16	77.27
AdLINK Internet Media BV, Amsterdam/Netherlands	-389	-285	77.27
AdLINK Internet Media GmbH, Montabaur	-2,528	-3,088	77.27
AdLINK Internet Media Ltd., London/United Kingdom	-2,104	-1,473	77.27
AdLINK Internet Media NV, Strombeek-Bever/Belgium	-413	-523	77.27
AdLINK Internet Media OY, Helsinki/Finland	-361	609	77.27
AdLINK Internet Media S.A., Paris/France	-1,099	-1,285	77.27
AdLINK Internet Media S.L., Madrid/Spain	-380	-716	77.27
AdLINK Internet Media Services GmbH, Vienna/Austria	-2,782	-1,806	77.27
AdLINK Internet Media AG, Zurich/Schweiz	-2,359	-1,827	51.52
Sedo GmbH, Cologne	68	-209	41.04
imedia - Gesellschaft für neue Medien mbH, Munich	267	-152	40.00

(1) After transfer of profits to United Internet AG, Montabaur

(2) After transfer of profits to twenty4help Knowledge Service AG, Montabaur

(3) After transfer of profits to twenty4help Knowledge Service GmbH, Dortmund

(4) After transfer of profits to 1&1 Internet AG, Montabaur

(5) After transfer of profits to Schlund + Partner AG, Karlsruhe

(6) No operative business

REPORT OF INDEPENDENT AUDITORS

We have audited the annual financial statements, together with the bookkeeping system, of the United Internet AG and its report on the position of the Company and the Group prepared by the Company for the business year from January 1 to December 31, 2001. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system relating to the accounting system and the evidence supporting the disclosures in the books and records, the annual financial statements and the manage-

ment report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the United Internet AG in accordance with principles of proper accounting. On the whole the management report provides a suitable understanding of the Company's position and suitably presents the risks of future development.

Stuttgart, March 15, 2002

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Held
Wirtschaftsprüfer

Hundshagen
Wirtschaftsprüfer

Financial Calendar 2002

3-Month Report	mid May 2002
Annual Shareholder's Meeting	Mai 16, 2002
6-Month Report	mid August 2002
Analyst's conference on the 6-Month Report	mid August 2002
9-Month Report	mid November 2002

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