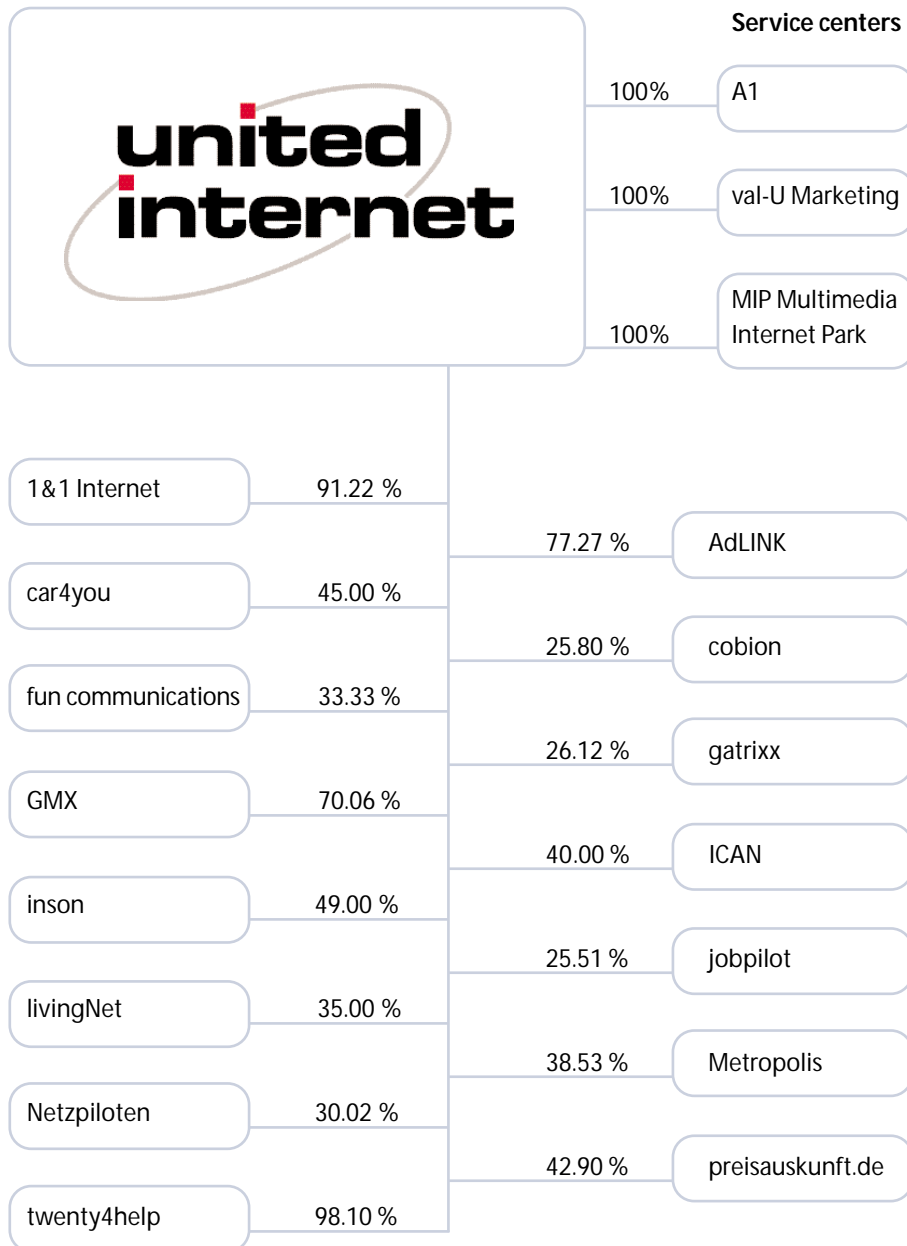


January to March **2001**  
Quarterly Report



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## Development of the Network

### Market development

The first quarter of fiscal 2001 again failed to bring relief for Internet stocks and business models. On the world's stock exchanges, shares of Internet-related companies continued to spiral downwards at an undiminished pace. The slide was sparked by a series of unfulfilled earnings forecasts and subsequent adjustments to expectations. Meanwhile, an increasing number of "old economy" companies began jumping onto the Internet bandwagon and investing heavily in the expansion of their own online businesses, e. g. Internet marketplaces. The consequence was a trend towards concentration in the "new economy": We do not expect the market conditions for young Internet companies to improve in the short term.

### Adapting the strategy

The widespread scepticism towards Internet business models manifested itself in varying ways for the companies of the United Internet network in the first quarter of 2001. Whereas some companies achieved or even exceeded their operating targets, others remained below their expected figures in the first quarter of 2001. The most positive aspect, however, is that our major affiliates succeeded in strengthening or expanding their respective market shares.

We have reacted to the general market situation and the diverging development of the

United Internet companies by adapting our corporate strategy with an emphasis on "profitability" and "focus". We shall therefore pursue the following three aims in the current fiscal year:

1. To emphasize more strongly the good profits being made by 1&1 Internet, twenty4help, fun and our service centers, and to further enhance their profitability.
2. To dispose of those companies who can neither expect profits in the foreseeable future nor currently hold leading positions in their respective markets.
3. To be open for strategic alliances in the case of those network companies with functioning business models and excellent market positions.

The strategic partners must be prepared to accept their share of management responsibility. Above all, they must be able to incorporate the affiliates concerned within larger structures in order to create sustainable and profitable business units. With regard to the current market situation, we have to face the fact that membership of the United Internet network alone is no longer sufficient for the further development of some of our affiliates. We therefore intend to open our network and enter into growth-oriented alliances with strong partners.

### Portfolio management

Raising capital on the finance markets has been a prerequisite for the expansion of United Internet from the very start. At present, however, access to capital markets – whether via IPOs of affiliates, capital increases or bonds – is blocked. This blockade is raising the pressure to streamline our portfolio on the one hand and to find strategic partners for promising, but loss-making companies on the other. We will make appropriate efforts to take these steps.

### Sales and earnings

In the first three months of 2001 consolidated sales totalled € 60.9 million – an increase of 30.1 % over the previous year (€ 46.8 million). There was also encouraging growth in EBITDA: whereas the figure in the same period last year was still negative at € -1.1 million, EBITDA in the first quarter of 2001 was a healthy plus of € 2.5 million. Pre-tax earnings (EBT) amounted to € -7.4 million (previous year: € -10.1 million). The increased focus on profitability is thus already showing results.

As a consequence of the changes to 1&1 Internet AG's business model last year, the acquisition of new customers for itself is no longer treated in the US-GAAP income statement as cost of sales but is now included under selling, general and administrative expenses.

In order to aid comparison, the income statement for the first quarter of 2000 has been adjusted appropriately.

### DVFA-based earnings

The DVFA-based earnings per share figure amounts to € -0.13, and after elimination of goodwill amortization it amounts to € -0.06.

### Capital expenditures/cash flow

From January to March 2001 investments of € 16.3 million were made as scheduled. The major part was used to expand technical infrastructure – especially for 1&1 Internet AG and twenty4help Knowledge Service AG – as well as to support the further development of our affiliates. Cash flow from operations grew to € 1.2 million (previous year: € 0.8 million).

### Personnel

As of March 31, 2001 a total of 3,067 people were employed by the United Internet Group, an increase of 773 (34 %) over the previous year. The number of staff employed in Germany rose by 462 to 1,840, the number of part-time employees grew from 626 to 638. At the end of the first quarter a total of 589 staff were employed outside Germany (previous year: 290).

### Stock ownership (units)

#### Executive 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	-

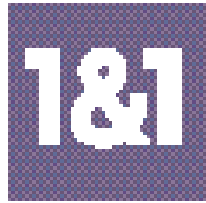
#### Subscription rights

Norbert Lang	200,000
Richard Seibt	500,000

### Selected key figures acc. to US-GAAP

January to March

	2001	2000
Sales	€ 60.9 million	€ 46.8 million
EBITDA	€ 2.5 million	€ -1.1 million
EBIT	€ -5.0 million	€ -6.2 million
EBT	€ -7.4 million	€ -10.1 million
Employees	3,067	2,294
Stock price at end of March, XETRA	€ 3.01	€ 29.40
DVFA-based earnings per share	€ -0.13	€ -0.18
DVFA-based earnings per share without goodwill amortization	€ -0.06	€ -0.11



**1&1 Internet AG**

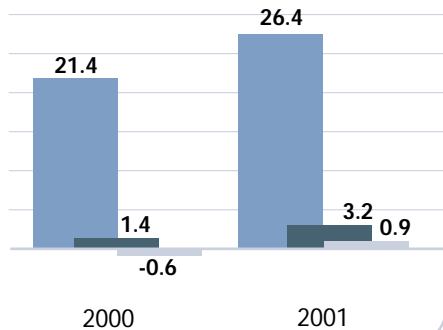
A leading European Internet application provider: domains, websites, shops, unified messaging, personal storage, comprehensive Internet solutions. Over 1.1 million customer accounts. Represented in Germany, Great Britain, France. Shareholding: 91.22 %  
www.oneandone.co.uk

In the first three months of 2001, 1&1 posted sales of € 26.4 million (previous year: € 21.4 million), representing growth of 23 %. EBITDA amounted to € 3.2 million (previous year: € 1.4 million). Pre-tax earnings (EBT) were positive at € 0.9 million (previous year: € -0.6 million). This positive result was due mainly to the change implemented last year to focus on the company's own products. Web hosting showed particularly strong growth. Sales in this segment grew 81 % over the same quarter last year, while direct

margin improved by 134 %. In the first three months of 2001, every third German domain was registered via 1&1 subsidiary Schlund + Partner. With the launch of the second stage of the company's own computer center in Karlsruhe, there is plenty of scope for further growth. The capacity was increased from 600 to almost 2,000 servers.

The company's Application Service Providing segment (ASP) also showed encouraging growth. Microsoft named 1&1 as the first European cooperation partner for its Exchange Carrier Model within the ASP license program. On the basis of unit sales for this new ASP solution for Personal Information Management, 1&1 has already achieved a leading position in this promising future technology.

■ Sales ■ EBITDA ■ EBT  
1&1 (in € million)



**AdLINK Internet Media AG**

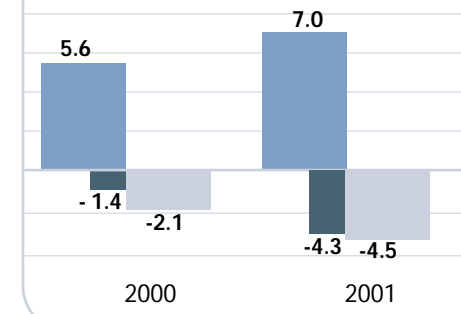
One of Europe's leading marketers of digital advertising space. Markets 550 websites with about 950 million page impressions per month. Listed on the Neuer Markt since May 11, 2000. Subsidiaries in 11 countries. Shareholding: 77.27 %  
www.adlink.net

In the first quarter of 2001 AdLINK raised sales by 27 % over the same period last year to reach € 7.0 million (previous year: € 5.6 million). EBITDA totalled € -4.3 million (previous year: € -1.4 million). Pre-tax earnings (EBT) deteriorated to € -4.5 million (previous year: € -2.1 million). The slowdown in demand for digital advertising brought about by the economic downturn had a major impact on the sector. In addition, increased marketing expenses were needed to establish a European market presence. After the rapid growth of the previous year, the company reacted to the fall in demand with increased cost-reduction and consolidation measures.

A major milestone in the first quarter was the acquisition of the Dutch company Netplus BV. The move not only brought an attractive portfolio of websites, but also closed a geographical gap in a key European market.

AdLINK increased its client base to 1,610 in the period under review. This represents growth of 34 % over the corresponding prior-year figure.

■ Sales ■ EBITDA ■ EBT  
AdLINK (in € million)





**GMX AG**

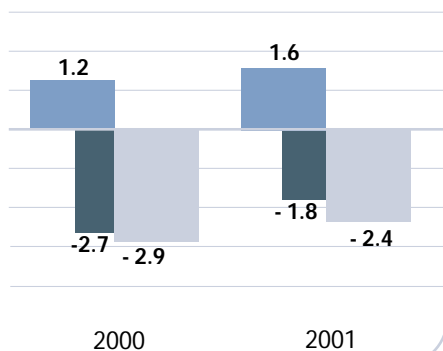
One of Germany's leading Personal Information Management suppliers. Over 8 million accounts and daily growth of up to 15,000 new users. Largest IVW-audited website in Germany with approximately 447 million page impressions (March 2001). Shareholding: 70.06 % [www.gmx.net](http://www.gmx.net)

Sales of GMX rose by 27 % over the prior-year quarter to € 1.6 million (previous year: € 1.2 million) in the first three months of 2001. EBITDA improved to € -1.8 million (previous year: € -2.7 million). Pre-tax earnings (EBT) totalled € -2.4 million (previous year: € -2.9 million). The reduced loss resulted mainly from lower expenditure for market positioning – as the current goals have already been achieved – as well as from an increase in online advertising, despite the current difficulties for online advertisers. By forging a number of

new cooperations GMX will develop into a comprehensive communication and information portal in 2001. A variety of cooperation agreements with third parties have already been signed this year, for example with Tomorrow Internet, eBay, webmiles, paybox and emnid online market research.

GMX began its realignment in time for the CeBIT computer fair in March 2001 with the introduction of journalistic content in various categories and a new user-friendly design. The relaunch created the ideal basis to round out the company's core services in e-mail and messaging by adding third-party commercial and content services. The provision of further value added services is aimed at enhancing long-term loyalty to the Internet platform.

■ Sales ■ EBITDA ■ EBT  
GMX (in € million)



**twenty4help Knowledge Service AG**

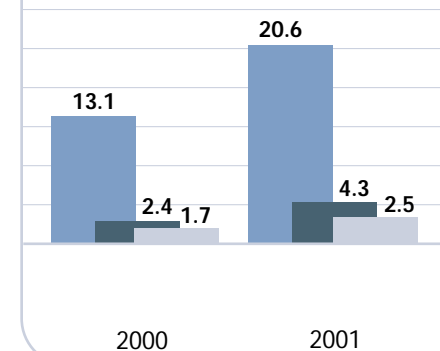
Technical corporate and vendor services for complex IT and telecommunication products. Subsidiaries in Germany, the Netherlands, Great Britain and Sweden. Shareholding: 98.10 % [www.twenty4help.com](http://www.twenty4help.com)

twenty4help raised sales in the first three quarters of 2001 by 58 % to € 20.6 million (previous year: € 13.1 million). EBITDA grew by 75 % to € 4.3 million, compared with a prior-year figure of € 2.4 million. Pre-tax earnings (EBT) improved to € 2.5 million (previous year: € 1.7 million). This growth can be attributed mainly to the expansion of services for existing customers in Germany and a marked increase in support services for these clients through the company's foreign subsidiaries.

twenty4help operates seven Customer Interaction Centers and provides technical support in 13 different languages. The most recent subsidiary in Great Britain started regular business at two locations in January. Support services are provided via all communication channels, including the Internet as a platform for live services. Call-back has already been integrated into customer projects, while direct-chat and application sharing are being operated on a field test basis. The company's portfolio of blue-chip customers was further expanded in the first quar-

ter, e.g. with the addition of First International Computer, one of the world's leading PC manufacturers.

■ Sales ■ EBITDA ■ EBT  
twenty4help (in € million)





jobpilot expanded its position as one of the Internet's leading job exchanges during the first three months of 2001. The company succeeded in increasing sales significantly, while at the same time reducing costs. Sales in the first quarter were up 160 % on the same period last year to reach € 13.2 million (previous year: € 5.1 million). EBITDA amounted to € -5.4 million (previous year: € -4.4 million). Pre-tax earnings (EBT) reached € -5.7 million (previous year: € -4.4 million). With the successful European

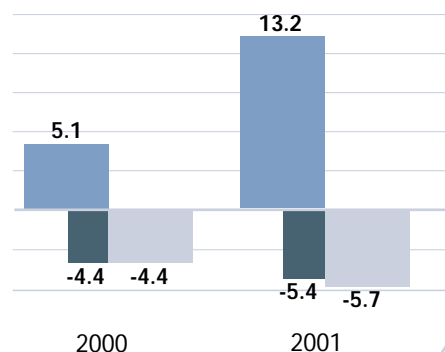
**jobpilot AG**

Europe's career market on the Internet. Over 1 million users and more than 140,000 job listings; 28 of the 30 companies listed on the DAX are customers. Represented in 15 European countries. Listed on the Neuer Markt since April 6, 2000. Shareholding: 25.51 %  
www.jobpilot.com

launch of jobpilot workflow the company completed the integration of its recent acquisition Virtual Village, Great Britain. This means that the company's complete Internet-based recruitment software (ASP software) is now available in 15 countries and in the respective local language.

jobpilot's positioning in the lucrative e-recruiting market has therefore been given a further significant boost.

■ Sales ■ EBITDA ■ EBT  
jobpilot (in € million)



**United Internet AG – Consolidated Statement of Income according to US-GAAP**  
from January 1, 2001 to March 31, 2001 in €

	2001 Jan. to March	2000 Jan. to March
Net sales	60,898,242	46,794,557
Cost of sales	-43,669,112	-34,572,760
<b>Gross margin</b>	<b>17,229,129</b>	<b>12,221,797</b>
Selling, general and administrative expenses	-19,824,820	-16,494,360
Other operating income	796,137	655,190
Amortization of goodwill	-3,165,860	-2,551,842
<b>Operating result</b>	<b>-4,965,414</b>	<b>-6,169,216</b>
Interest expenses	-490,901	-296,459
Interest income	175,815	110,302
Result from associated companies	-2,075,299	-3,767,982
<b>Results from ordinary activities</b>	<b>-7,355,799</b>	<b>-10,123,355</b>
<b>Result before taxes</b>	<b>-7,355,799</b>	<b>-10,123,355</b>
Income taxes	-941,352	-460,851
<b>Net loss</b>	<b>-8,297,151</b>	<b>-10,584,206</b>
Minority interests	1,628,757	1,313,327
<b>Net loss after minority interests</b>	<b>-6,668,394</b>	<b>-9,270,879</b>

United Internet AG – Consolidated Balance Sheet  
according to US-GAAP in €

	31 March 2001	31 March 2000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank balances on hand	80,543,683	7,311,827
Accounts receivable and other assets	56,206,181	32,605,699
Inventories	2,471,019	2,572,996
Deferred expenses	6,390,218	4,133,433
Deferred taxes	8,841,606	8,354,969
	<b>154,452,707</b>	<b>54,978,924</b>
<b>Non-current assets</b>		
Equity investments	20,865,106	29,522,936
Other financial assets	20,278,383	5,201,033
Property, plant and equipment	30,726,203	17,363,038
Intangible assets	72,941,786	60,859,850
	<b>144,811,478</b>	<b>112,946,856</b>
<b>Total assets</b>	<b>299,264,185</b>	<b>167,925,779</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	15,957,526	8,602,916
Liabilities due to banks	93,718,806	21,714,862
Advance payments received	0	51,129
Other liabilities	7,465,519	9,925,002
Accrued taxes	5,395,278	3,093,737
Other accrued liabilities	22,999,194	11,326,461
Deferred income	15,201,882	6,513,331
	<b>160,738,205</b>	<b>61,227,439</b>
<b>Non-current liabilities</b>		
Convertible bonds	1,223,793	266,383
Liabilities due to banks	8,210,779	17,182,986
Pension reserves	128,970	131,083
Deferred income	1,899,944	0
Other liabilities	6,580,610	1,641,489
	<b>18,044,096</b>	<b>19,221,942</b>
<b>Total liabilities</b>	<b>178,782,301</b>	<b>80,449,381</b>
<b>Minority interests</b>	<b>26,111,876</b>	<b>5,820,004</b>
<b>Equity</b>		
Share capital	51,680,000	13,211,782
Capital surplus	43,536,017	108,890,928
Capital surplus (group)	65,957,414	0
Accumulated losses	-66,552,365	-19,594,238
Outstanding, unrealized compensation for employee stock ownership programme	-128,417	-20,856,705
Currency translation adjustment	-122,641	4,627
<b>Total equity</b>	<b>94,370,008</b>	<b>81,656,395</b>
<b>Equity and liabilities</b>	<b>299,264,185</b>	<b>167,925,779</b>

United Internet AG – Consolidated Statement of Cash Flows  
according to US-GAAP from January 1, 2001 to March 31, 2001 in €

	2001 Jan. to March	2000 Jan. to March
<b>Cash flow provided from operating activities</b>		
Loss after minority interests	-6,668,394	-9,270,879
<b>Adjustments to reconcile net loss to net cash provided by operating activities</b>		
Depreciation	4,283,018	2,528,280
Amortization	3,165,860	2,551,842
Compensation expenses from employee stock option plans	0	1,896,064
Not equalized losses of associated companies	2,075,300	3,767,982
Minority interests	-1,628,758	-705,895
Increase/(decrease) in currency translation adjustments	-46,017	15,877
<b>Operative Cash flow</b>	<b>1,181,009</b>	<b>783,270</b>
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in accounts receivable	4,453,533	-2,458,064
(Increase)/decrease in inventories	291,347	486,438
(Increase)/decrease in prepaid expenses	-356,528	-2,435,390
(Increase)/decrease in deferred taxes	501,616	-2,465,046
Increase/(decrease) in accounts payable	-7,790,958	-6,463,192
Increase/(decrease) in liabilities due to shareholders	0	-183,169
Increase/(decrease) in advance payments received	-5,302,800	-5,142,027
Increase/(decrease) in other accrued liabilities	5,079,322	5,462,898
Increase/(decrease) in accrued taxes	1,308,562	2,592,459
Increase/(decrease) der other payables	-3,512,593	-662,038
Increase/(decrease) in deferred income	2,074,404	2,772,263
<b>Total changes in assets/equity and liabilities</b>	<b>-3,254,096</b>	<b>-8,494,868</b>
<b>Net cash from operating activities</b>	<b>-2,073,087</b>	<b>-7,711,598</b>
<b>Cash used by investment activities</b>		
Capital expenditure for intangible assets and property, plant and equipment	-5,803,795	-8,461,247
Loans to associated companies, their shareholders and employees	-9,883,612	-3,889,915
Repayments of loans granted	647,886	0
Disposals of assets, net book value	27,827	121,508
Net assets assumed in initial consolidation	-2,440	188,258
Acquisition costs in excess of the net assets from initial consolidation	-698,561	-1,936,727
Acquisition of additional shares in associated companies	-607,368	-13,948,244
<b>Net cash used by investment activities</b>	<b>-16,320,063</b>	<b>-27,926,367</b>
<b>Cash provided by financing activities</b>		
Contribution of the general partner in the context of the transformation	0	1,013,047
Raising of funds through banks	8,997,061	28,251,586
Repayments of convertible bonds	-15,864	0
<b>Net cash provided by financing activities</b>	<b>8,981,197</b>	<b>29,264,633</b>
Net decrease in cash and bank balances	-9,411,953	-6,373,332
Cash and bank balances at the beginning of the fiscal year	89,955,636	13,685,159
<b>Cash and bank balances on hand as of March 31, 2001</b>	<b>80,543,683</b>	<b>7,311,827</b>

**United Internet AG – Statement of Income according to HGB**  
from January 1, 2001 to March 31, 2001 in €

	2001 Jan. to March	2000 Jan. to March
Net sales	546,257.91	567,761.36
Other operating income	11,333.38	98,243.90
Cost of materials		
Cost of purchased services	-507,733.19	-501,929.09
Personnel expenses		
a.) wages and salaries	-829,075.84	-590,461.15
b.) social security contributions	-70,985.77	-76,371.72
Depreciation of intangible and tangible assets	-84,887.37	-80,998.82
Other operating expenses	-980,878.43	-3,481,517.56
Income from participations	511,291.88	510,780.59
Interest and similar income	276,133.47	349,794.79
Interest and similar expenses	-1,206,549.62	-313,234.79
<b>Result from ordinary activities</b>	<b>-2,335,093.57</b>	<b>-3,517,932.50</b>
<b>Result before taxes</b>	<b>-2,335,093.57</b>	<b>-3,517,932.50</b>
Income taxes	-3,252.96	-1,959.68
Other taxes	-102.77	70.05
<b>Net loss</b>	<b>-2,338,449.30</b>	<b>-3,519,822.13</b>

## Further development of our strategy

Despite the continued deterioration of our market environment we were able to post a satisfactory result in total for the first quarter of 2001. With its already profitable affiliates the United Internet network now has a strong and resilient backbone.

Nevertheless, we cannot close our eyes to the fact that in the present mood of our markets we will not be able to realize the company's ambitious targets – especially the expansion of the network – as planned. We will therefore concentrate above all on our existing portfolio with the aim of improving profitability as swiftly as possible.

Those affiliates with pioneering business models which have achieved leading market positions will continue to enjoy our respect and support. However, we will also open our network for strategic partners who are prepared to accept management responsibility. This will provide us with a solid basis to continue the successful development of United Internet under changed market conditions.



Ralph Dommermuth,  
Founder and Board Member  
of United Internet