

**9-Month Report  
January to September 2003**



## Foreword

Dear shareholders, employees and friends of United Internet!

United Internet is in excellent shape at the time of publishing this interim report for the first nine months of 2003. The third quarter ending September 30 was the best ever in the company's history. Both sales and earnings reached new record highs. Compared with the first nine months of 2002, sales grew by 34 % to € 299.1 million and pre-tax earnings (EBT) by 61 % to € 44.4 million.

We are expanding particularly fast in our Product segment, where we once again succeeded in adding a net total of some 150,000 new customer contracts in the third quarter. The strong demand for broadband internet connections—with over 540,000 DSL customers, we are second only to T-Online in Germany—and the dynamic expansion of our increasingly international web hosting business are key growth drivers in this segment.

Despite the considerable cost of establishing new international locations, we are still able to generate high earnings. The organic growth of our customer base means that we can utilize our "Internet Factories" even better and reap significant economies of scale.

The international expansion of our business made further progress in the past quarter. With over 120,000 customer contracts in Great Britain, we are already one of the UK's top 3 hosters and the market's fastest growing domain registrar. Despite consistently high marketing expenses, we expect to reach break-even on a monthly basis during the current quarter.



Ralph Dommermuth

The experience we gathered in Great Britain strengthened our resolve to enter the US market, where began establishing a local subsidiary in late September. Our international expansion program has thus moved up to a new level: we are now present on the world's largest and most important internet market!

Compared with the excellent progress made by our Product business, development in the Outsourcing segment has been somewhat more modest. Although sales have continued to grow, earnings were less than satisfactory. This was due mainly to high initial investments for a major new contract in Scandinavia and Great Britain.

On the whole, however, we are very satisfied with the development of business and are very optimistic about the future prospects for our company.

Montabaur, November 14, 2003

## Selected Key Figures (US-GAAP)

Results*	2003	2002
	Jan.–Sept.	Jan.–Sept.
Sales	€ 299.1 million	€ 222.8 million
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ 61.2 million	€ 43.8 million
Earnings before taxes (EBT)	€ 44.4 million	€ 27.6 million
Employees	3,707	2,947
Share price as at end of September (XETRA)	€ 16.91	€ 5.01
Earnings per share	€ 0.46	€ 0.31

Results incl. special items	2003	2002
	Jan.–Sept.	Jan.–Sept.
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ 61.2 million	€ 56.4 million
Earnings before taxes (EBT)	€ 44.4 million	€ 40.2 million
Earnings per share	€ 0.46	€ 0.60

### Quarterly development of key figures\*

	Q1/2003	Q2/2003	Q3/2003	Q3/2002
Sales	€ 100.8 million	€ 96.9 million	€ 101.4 million	€ 77.1 million
EBITDA	€ 18.6 million	€ 19.4 million	€ 23.2 million	€ 16.5 million
EBT	€ 12.8 million	€ 14.1 million	€ 17.5 million	€ 10.1 million

Share ownership (units)	Q2/2003	Q3/2003
<b>Management Board</b>		
Ralph Dommermuth	25,239,905	25,239,905
Norbert Lang	226,000	240,000
<b>Supervisory Board</b>		
Kurt Dobitsch	—	—
Bernhard Dorn	—	—
Michael Scheeren	425,000	415,100
<b>Subscription Rights (units)</b>		
Norbert Lang	112,000	84,000

\*The comparative figures of FY 2002 do not include non-recurring and, on balance, positive special items from the sale of investments, as well as restructuring charges incurred by AdLINK for the integration of DoubleClick's European media business.

## Development of the Group

United Internet made excellent progress in the first nine months of 2003, notching up one record quarterly result after the other. We are extending our international presence in all sectors and have strengthened our market share in both the Product and Outsourcing segments. We have reached all our ambitious targets and are convinced that we can continue to reach them.

### **New record sales and earnings figures**

In the first nine months of 2003, sales of United Internet reached € 299.1 million—34 % higher than for the same period last year (€ 222.8 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) were up by as much as 40 % over the same period last year, standing at € 61.2 million as at September 30 (2002: € 43.8 million\*). Pre-tax earnings (EBT) grew by 61 %, from € 27.6 million\* to € 44.4 million. The company's financial strength is also underlined by its extremely healthy balance sheet figures.

The strong increase in paying customers in our Product segment continues to drive growth. By the end of September we had achieved a net addition of over 450,000 new contracts since the beginning of the year. And we expect this dynamic growth in user figures to continue: despite the boom of the last two years, the penetration level of broadband internet connections and premium, value-added services is still relatively low. At the same time, the attractiveness of such connections for users continues to grow and our international expansion program will help us tap further customer potential.

The value-added internet services of our Product segment have not only developed into the Group's main source of revenue, they are also providing an ever greater share of profits.

Despite the adverse economic climate, we succeeded in raising sales and strengthening our international market share in the Outsourcing segment during the first nine months. Of particular importance was the clinching of one of the largest outsourcing orders to be awarded in this sector during 2003. However, this contract requires considerable initial investments in Great Britain and Scandinavia, which burdened earnings in the Outsourcing segment as a whole. The same applies to the establishment of our new subsidiary in Poland.

### **US launch with 1&1 brand**

The US launch of our 1&1 brand at the end of September represents a significant milestone in the company's development. We decided against acquiring a US provider in favor of the organic expansion of business in America.

Our market entry will be made in two phases: a pre-launch phase, during which our high-profile campaign and limited trial offer will quickly establish brand awareness and image among opinion leaders.

A special pre-launch product—comprising a fully-featured shared hosting offer—can be ordered without formalities and used without contractual obligations. The special attraction of the offer is that anyone registering before January 15, 2004 can test the product for free over a period of three years!

After this pre-launch campaign has finished, we will launch our complete family of hosting products (shared hosting, dedicated servers, e-shops, .NET services).

The first weeks of our pre-launch campaign have been a complete success: we have achieved high awareness levels in the US media and received critical

\*The comparative figures of FY 2002 do not include non-recurring and, on balance, positive special items from the sale of investments, as well as restructuring charges incurred by AdLINK for the integration of DoubleClick's European media business.

acclaim from internet analysts and commentators. The product and our market entry are being widely discussed by all major internet forums. Demand for our test product is correspondingly high: some 40,000 users already registered in the first few weeks. We are therefore certain to exceed our original target of 50,000 registrations by the end of the test phase; we now expect to attract as many as 100,000 test users.

flow to € 44.8 million (prior-year: € 35.2 million).

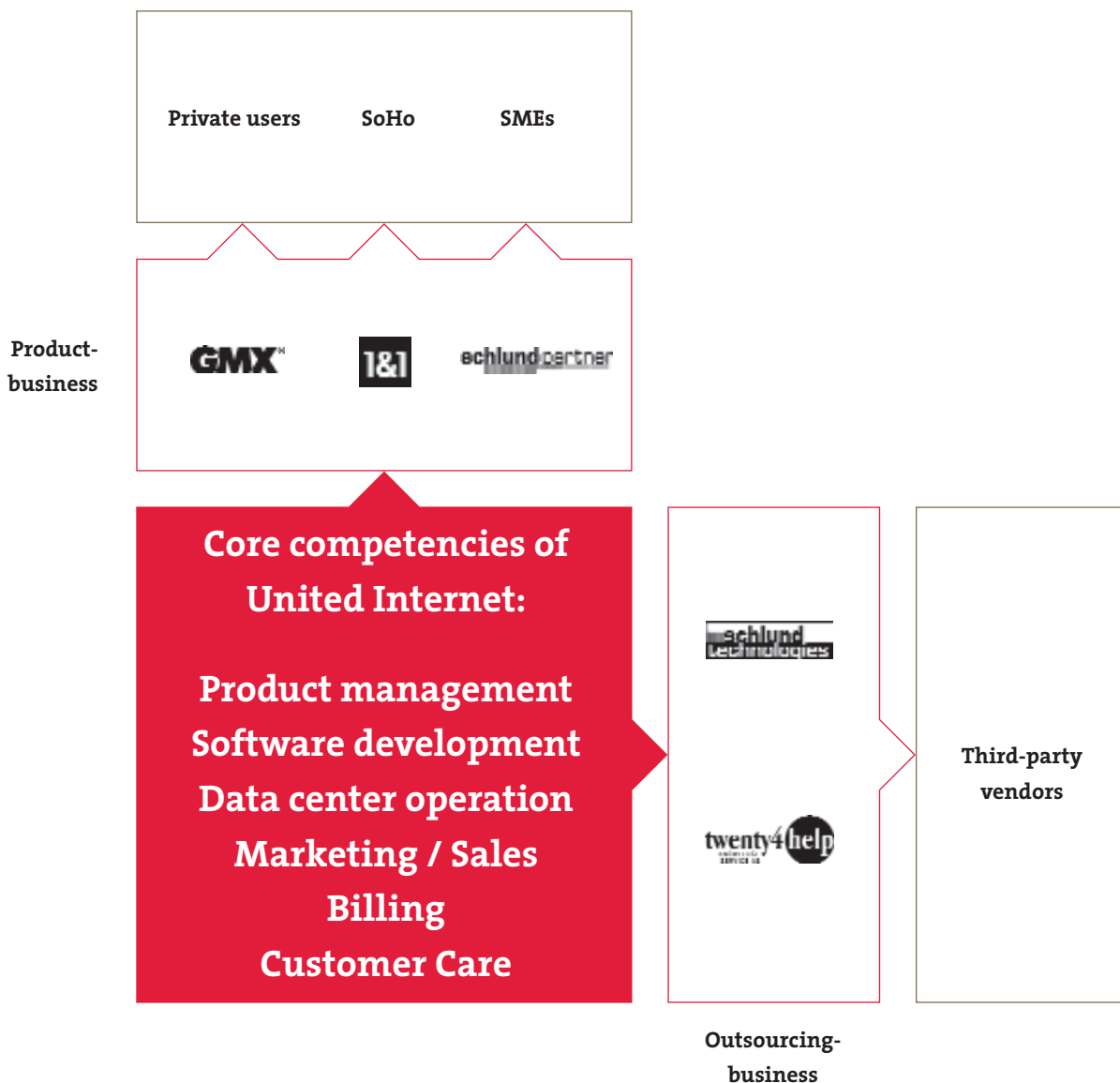
Investments in tangible and intangible assets amounted to € 20.6 million (prior-year: € 19.5 million). In our Product segment, the main investments concerned the completion of a new data center in Karlsruhe and the steady expansion of infrastructure and server capacities.

In the Outsourcing segment, investments were made in the establishment of a new facility in Poland as well as for the realization of a major new contract for a top IT company from the USA.

**Cash flow / capital expenditures**

The increase in earnings during the first nine months helped swell operative cash

**Our Internet-Factory**



### **Bank balances**

At the end of the third quarter, the Group's net bank balances amounted to € 31.5 million (December 31, 2002: € 28.4 million). The balances are invested on the money market.

### **Employees**

As of September 30, 2003 United Internet employed a total of 3,707 people (December 31, 2002: 3,195). The Group's international expansion is also reflected in the number of staff employed outside Germany, which reached 1,294 (December 31, 2002: 892) or approximately 35 % of the Group total.

### **Parent company results**

Pre-tax earnings (EBT) of the parent company, United Internet AG, amounted to € -2.6 million (prior-year: € 33.2 million). The exceptionally high result of 2002 was due to special items from the sale of shares in AdLINK AG and jobpilot AG totaling € 37.2 million. As of September 30, 2003 the company had a positive bank balance of € 20.3 million. The equity ratio remains high at 74.1 %.

### **Affiliates**

Despite the continuing market difficulties and a traditionally weaker third quarter, the internet advertising specialist AdLINK succeeded in raising revenues. Third-quarter sales reached € 9.9 million (prior-year: € 8.6 million), while sales revenues for the first nine months grew to € 31.5 million (prior-year: € 27.6 million). EBITDA for the first nine months totaled € -2.1 million (prior-year: € -3.7 million, or € -10.7 million after restructuring costs). Pre-tax earnings (EBT) reached € -2.7 million (prior-year: € -5.1 million, or € -12.1 million after restructuring costs).

Our 5 minority shareholdings—Sedo, imedia, Metropolis, fun and NT plus—made a positive contribution to the Group's pre-tax earnings.

### **The share**

As of September 30, 2003 the United Internet share was quoted at a price of € 16.91, compared with € 6.65 on December 31, 2002.

### **Outlook**

All lights are set to green for the future development of United Internet! The growing market for broadband connections and value-added internet services provides us with excellent growth opportunities. Our fast growing customer figures are a clear vindication of our business model.

We expect earnings in the fourth quarter of 2003 to reach approximately the same level as in the third quarter. We will therefore achieve the profitability targets which we have set ourselves as a premium internet service provider—despite start-up costs of around € 3 million (mainly in the fourth quarter) for our US launch.

## Product Business

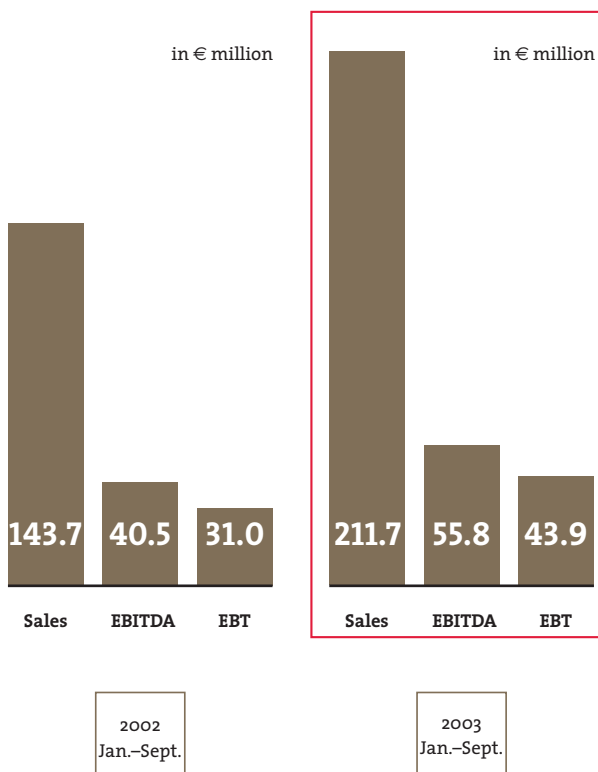
United Internet's Product segment achieved strong and profitable growth during the first nine months of 2003, following on seamlessly from its successful development of the past few years. With its strong family of brands—GMX, 1&1 and Schlund+Partner—United Internet covers a wide range of market needs. In the period under review, we succeeded in strengthening and expanding our market positions and are now generally regarded as the pioneer with regard to service, innovation and top-class features. As of September 30, 2003 we had around 2.55 million customer accounts, of which 540,000 were DSL contracts.

In the first nine months of 2003, sales grew from their prior-year level of €143.7 million to €211.7 million—an increase of 47 %. EBITDA improved by 38 % to €55.8 million (prior-year: €40.5 million), while EBT climbed by 42 % to €43.9 million (prior-year: €31.0 million).

Our EBT profit margin in the Product segment has now reached an impressive level of over 20 %. At the end of September the total number of domains hosted by us stood at 3.6 million, including 2.5 million .de domains. Our total number of servers grew to about 19,000, while the number of e-mail accounts we administer now exceeds 20 million.

This dynamic growth in both sales and earnings is driven by an extremely strong and stable demand for broadband connections and value-added internet services. Our profitability also benefited from stable prices, brought about by the general trend toward increased market consolidation. The financing of our market entry campaign in the USA will affect earnings considerably in the fourth quarter, as advertising began in October 2003.

We expect the strong trend in our Product segment to continue in future.



Quarterly development in € million

	Q1/2003	Q2/2003	Q3/2003	Q3/2002
Sales	71.2	67.4	73.1	52.0
EBITDA	15.8	18.1	21.9	14.7
EBT	11.8	14.4	17.7	10.9

Furthermore, we see good opportunities for further growth from our market entry in the USA: the market is fragmented; prices are generally higher than in Germany; and as in Europe, the market for value-added internet services is still in its early growth phase. The initial success of our pre-launch campaign has given us further grounds for optimism. Should this trend continue and result in a substantial number of new customer contracts in the first quarter of 2004—at a relatively low customer acquisition cost level—we will intensify our marketing investments.

#### **GMX**

With over 16 million e-mail accounts, GMX is a leading provider of e-mail and messaging services. The company's primary goal in 2003 is to transfer as many of its customers as possible from free services to fee-based products. So far, this plan has been extremely successful: as in previous quarters, the company once again achieved growth of over 50,000 new pay-tariff users in the third quarter. As of September 30, 2003 the number of fee-based subscriptions rose to over 280,000.

In order to support this trend, GMX is steadily expanding its range of products and services—for example with a highly effective anti-spam feature. In the third quarter, GMX also launched new DSL time-based tariffs and added the e-mail address options @gmx.org and @gmx.tm. The new MediaCenter feature launched in September provides customers with 10 to 1000 MB—according to the user's tariff—of online storage space.

#### **1&1**

As of September 30, 2003, 1&1 held some 2.2 million customer accounts. This growth was aided by the company's new WebHosting Office Edition product family, aimed at both beginners and internet professionals.

1&1's international expansion was particularly encouraging on the UK market. It is becoming increasingly clear that the company's decision to develop its UK base and product range organically was the right course of action. With over 120,000 customer accounts, we expect to reach break-even on a monthly basis during the current quarter. 1&1 has already established itself in Great Britain as one of the top three web hosters and the nation's fastest growing domain registrar.

#### **Schlund+Partner**

United Internet's premium brand "Schlund+Partner", aimed mainly at small to mid-size companies, succeeded in raising customer figures to around 63,000 as of September 30, 2003. In addition to its professional hosting and value-added internet services, Schlund+Partner offers comprehensive on-site service, which is provided by its extensive network of partners.

During the period under review, Schlund+Partner added two new tariffs to its Windows web hosting range.

## Outsourcing Business

In comparison to the outstanding progress made in our Product segment, there was only modest growth in our Outsourcing business during the first nine months of 2003. In this segment, United Internet markets its products to smaller ISPs and multimedia agencies under the "Schlund Technologies" brand in order to fully utilize the available capacity of our Internet Factory. Under the "twenty4help" brand, we also offer a wide range of services in the field of customer relationship management.

There was encouraging growth in sales once again in our Outsourcing segment in the first nine months: compared with the same period last year (€ 51.5 million), sales rose by 8 % to € 55.8 million. Due to high initial investments for a large contract in Scandinavia/Great Britain and the cost of establishing a new subsidiary in Poland, however, we were less than satisfied with the development of earnings. Both EBITDA (€ 10.6 million) and EBT (€ 6.2 million) were below their prior-year levels (€ 11.0 million and € 7.6 million, respectively).

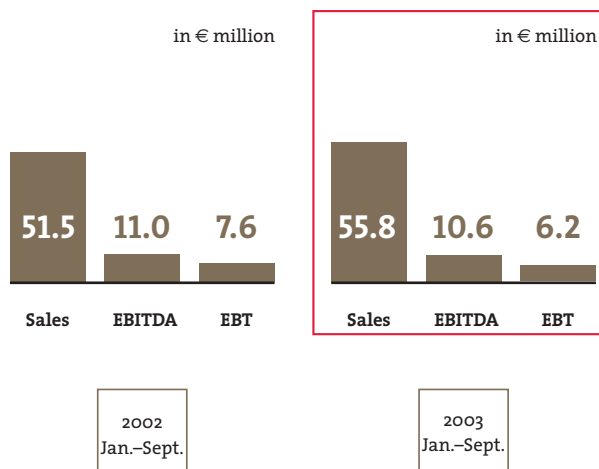
We expect a clear increase in sales revenues and improved profits in our Outsourcing segment during the fourth quarter.

### twenty4help

Although the market remains difficult and continues to suffer from the current economic downturn, twenty4help has established itself as a premium supplier of services in the field of customer relationship management. The company now operates 11 Customer Interaction Centers, offering 17 different languages, and answers over 1.2 million technical queries per month. The company was awarded one of the year's largest outsourcing contracts by an international IT company. The complexity of this new project and the customer-specific training of skilled staff in 3 countries and 6 languages, however, placed a considerable burden on both resources and earnings in the third quarter. During the third quarter, twenty4help also began setting up its new subsidiary in Poland, requiring further investment sums.

### Schlund Technologies

As of September 30, approximately 270,000 domains had been marketed under the Schlund Technologies brand. The company's white label products are sold mainly by smaller ISPs and multimedia agencies.



### Quarterly development in € million

	Q1/2003	Q2/2003	Q3/2003	Q3/2002
Sales	20.1	17.4	18.3	16.4
EBITDA	4.6	3.3	2.7	3.6
EBT	3.2	1.9	1.1	2.3

**United Internet AG – Consolidated Income Statement according to US-GAAP**

for January 1, 2003 to September 30, 2003 in €k

	2003		2002	
	January–September		January–September	
Sales	299,121	100.0 %	222,821	100.0 %
Cost of sales	-176,960	-59.2 %	-133,605	-60.0 %
<b>Gross profit</b>	<b>122,161</b>	<b>40.8 %</b>	<b>89,216</b>	<b>40.0 %</b>
Selling expenses	-52,868	-17.7 %	-36,198	-16.3 %
General and administrative expenses	-28,833	-9.6 %	-26,846	-12.0 %
Restructuring charges	0		-6,960	-3.1 %
Other operating income / expenses	3,463	1.2 %	21,760	9.8 %
<b>Operating result</b>	<b>43,923</b>	<b>14.7 %</b>	<b>40,972</b>	<b>18.4 %</b>
Interest result	131		-820	-0.4 %
Result from associated companies	336	0.1 %	8	
<b>Pre-tax result</b>	<b>44,390</b>	<b>14.8 %</b>	<b>40,160</b>	<b>18.0 %</b>
Income taxes	-18,745	-6.2 %	-12,387	-5.5 %
<b>Net profit</b>	<b>25,645</b>	<b>8.6 %</b>	<b>27,773</b>	<b>12.5 %</b>
Minority interests	875	0.3 %	6,435	2.9 %
<b>Profit after minority interests</b>	<b>26,520</b>	<b>8.9 %</b>	<b>34,208</b>	<b>15.4 %</b>
Result per share (in €)*				
– basic	0.46		0.60	
– diluted	0.46		0.60	
Weighted average shares (in million units)*				
– basic	57.18		57.18	
– diluted	57.48		57.48	

\* Adjusted shares after capital increase in the previous year.

**United Internet AG – Consolidated Income Statement according to US-GAAP**

Quarterly development in € million

	Q1/2003	Q2/2003	Q3/2003	Q3/2002
Sales	100.8	96.9	101.4	77.1
Cost of sales	-60.6	-57.0	-59.3	-44.5
<b>Gross profit</b>	<b>40.2</b>	<b>39.9</b>	<b>42.1</b>	<b>32.6</b>
Selling expenses	-18.6	-17.4	-16.9	-13.3
General and administrative expenses	-9.6	-10.3	-8.9	-8.5
Restructuring charges	0.0	0.0	0.0	0.0
Other operating income / expenses	0.7	1.7	1.0	-0.4
<b>Operating result</b>	<b>12.7</b>	<b>13.9</b>	<b>17.3</b>	<b>10.4</b>
Interest result	0.1	0.1	0.0	-0.1
Result from associated companies	0.0	0.1	0.2	-0.2
<b>Pre-tax result</b>	<b>12.8</b>	<b>14.1</b>	<b>17.5</b>	<b>10.1</b>
Income taxes	-5.4	-6.2	-7.2	-4.4
<b>Net profit</b>	<b>7.4</b>	<b>7.9</b>	<b>10.3</b>	<b>5.7</b>
Minority interests	0.3	0.2	0.4	1.5
<b>Profit after minority interests</b>	<b>7.7</b>	<b>8.1</b>	<b>10.7</b>	<b>7.2</b>
Result per share (in €)*				
– basic	0.13	0.15	0.18	0.13
– diluted	0.13	0.15	0.18	0.13
Weighted average shares (in million units)*				
– basic	57.18	57.18	57.18	57.18
– diluted	57.48	57.48	57.48	57.48

\* Adjusted shares after capital increase in the previous year.

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

as of September 30, 2003 in €k

<b>ASSETS</b>	<b>September 30, 2003</b>		<b>December 31, 2002</b>	
<b>Current assets</b>				
Cash and cash equivalents	35,283	14.7 %	32,379	13.6 %
Accounts receivable and other assets	61,327	25.5 %	65,990	27.7 %
Inventories	6,732	2.8 %	3,984	1.7 %
Prepaid expenses	9,015	3.8 %	9,029	3.8 %
Deferred tax asset	5,524	2.3 %	6,420	2.7 %
<b>Current assets, total</b>	<b>117,881</b>	<b>49.1 %</b>	<b>117,802</b>	<b>49.5 %</b>
<b>Non-current assets</b>				
Equity investments	12,712	5.3 %	12,543	5.3 %
Other financial assets	1,265	0.5 %	1,801	0.7 %
Property, plant and equipment	40,393	16.8 %	35,575	15.0 %
Intangible assets	5,867	2.5 %	8,312	3.5 %
Goodwill	61,958	25.8 %	61,787	26.0 %
<b>Non-current assets, total</b>	<b>122,195</b>	<b>50.9 %</b>	<b>120,018</b>	<b>50.5 %</b>
<b>Assets, total</b>	<b>240,076</b>	<b>100.0 %</b>	<b>237,820</b>	<b>100.0 %</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Accounts payable, trade	17,562	7.3 %	29,452	12.4 %
Liabilities due to banks	349	0.2 %	373	0.1 %
Advance payments received	1,904	0.8 %	0	
Other liabilities	16,431	6.8 %	19,624	8.3 %
Accrued taxes	20,287	8.5 %	5,795	2.4 %
Other accrued liabilities	17,028	7.1 %	18,574	7.8 %
Deferred revenue	29,372	12.2 %	24,888	10.5 %
<b>Current liabilities, total</b>	<b>102,933</b>	<b>42.9 %</b>	<b>98,706</b>	<b>41.5 %</b>
<b>Non-current liabilities</b>				
Convertible bonds	1,892	0.8 %	2,037	0.9 %
Liabilities due to banks	3,390	1.4 %	3,577	1.5 %
Deferred revenue	3,007	1.3 %	3,396	1.4 %
<b>Non-current liabilities, total</b>	<b>8,289</b>	<b>3.5 %</b>	<b>9,010</b>	<b>3.8 %</b>
<b>Liabilities, total</b>	<b>111,222</b>	<b>46.4 %</b>	<b>107,716</b>	<b>45.3 %</b>
<b>Minority interests</b>	<b>12,100</b>	<b>5.0 %</b>	<b>13,018</b>	<b>5.5 %</b>
<b>Equity</b>				
Capital stock	57,182	23.8 %	56,882	23.9 %
Subscribed capital	908	0.4 %	865	0.4 %
Additional paid-in capital	118,754	49.5 %	117,515	49.4 %
Accumulated deficit	-86,801	-36.2 %	-95,515	-40.2 %
Profit	26,520	11.0 %	37,305	15.7 %
Outstanding, unrealized compensation for employee stock ownership programme	-245	-0.1 %	-156	-0.1 %
Currency translation adjustment	436	0.2 %	190	0.1 %
<b>Equity, total</b>	<b>116,754</b>	<b>48.6 %</b>	<b>117,086</b>	<b>49.2 %</b>
<b>Equity and liabilities, total</b>	<b>240,076</b>	<b>100.0 %</b>	<b>237,820</b>	<b>100.0 %</b>

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

for January 1, 2003 to September 30, 2003 in €k

	2003 January–September	2002 January–September
<b>Cash flow from operating activities</b>		
Profit after minority interests	26,520	34,208
<b>Adjustments to reconcile net profit to net cash provided by operating activities</b>		
Depreciation and amortization	17,231	15,440
Compensation expenses from employee stock option plans	584	212
Not distributed profits of associated companies	-336	-8
Distributed profits of associated companies	200	100
Minority interests	-875	-6,435
Change in currency translation adjustments	246	-51
Change in deferred taxes	896	11,242
Gain from the sale of shares in associated companies	0	-8,684
Gain from the sale of shares in affiliated companies	0	-10,790
Not cash-relevant results/expenses	291	0
<b>Operative cash flow</b>	<b>44,757</b>	<b>35,234</b>
<b>Changes in assets and liabilities</b>		
Change in receivables and other assets	4,663	6,149
Change in inventories	-2,748	-2,034
Change in deferred expenses	14	-753
Change in accounts payable, trade	-11,890	-8,506
Change in advance payments received	1,904	1,842
Change in other accrued liabilities	-1,545	1,663
Change in accrued taxes	14,492	-3,514
Change in other liabilities	-3,193	3,111
Change in deferred income	4,095	469
<b>Changes in assets and liabilities</b>	<b>5,792</b>	<b>-1,573</b>
<b>Cash flow from operating activities</b>	<b>50,549</b>	<b>33,661</b>
<b>Cash flow from investment activities</b>		
Capital expenditure for intangible assets and property, plant and equipment	-20,573	-19,478
Repayments/payments of loans granted	536	4,416
Disposal of assets, net book value	970	478
Acquisitions, net of acquired cash	-171	-9,544
Sale of shares in associated companies	0	18,684
Acquisition of additional shares in associated companies	-33	-591
<b>Cash flow from investment activities</b>	<b>-19,271</b>	<b>-6,035</b>
<b>Cash flow from financing activities</b>		
Change in bank loans	-210	-77,032
Dividend payments	-28,591	0
Minority interests	-44	-1,743
Additional payments for the exercise of convertible bonds	616	0
Payment / repayment of convertible bonds	-145	-156
<b>Cash flow from financing activities</b>	<b>-28,374</b>	<b>-78,931</b>
Net increase / net decrease in cash	2,904	-51,305
Cash on hand and bank balances at the beginning of the fiscal year	32,379	69,765
<b>Cash on hand and bank balances as of September 30, 2003</b>	<b>35,283</b>	<b>18,460</b>

## United Internet AG – Development of Consolidated Equity

	Common stock		Contribution for capital increase	Additional paid-in capital
	Denomination	€k	€k	€k
<b>Balance as of December 31, 2001</b>	<b>56,881,887</b>	<b>56,882</b>	<b>0</b>	<b>116,791</b>
Capital increase through contribution in kind			865	
Additional IPO expenses of AdLINK				-184
Adjustment of the intrinsic value shown as part of the capital reserve resulting from options granted in the context of the employee stock ownership program				908
Currency translation adjustment 2002				
Net income 2002				
Comprehensive Income				
<b>Balance as of December 31, 2002</b>	<b>56,881,887</b>	<b>56,882</b>	<b>865</b>	<b>117,515</b>
Exercise of conversion rights	300,500	300	43	565
Dividend payments				
Adjustment of the intrinsic value shown as part of the capital reserve resulting from options granted in the context of the employee stock ownership program				674
Currency translation adjustment 2003				
Net income 2003				
Comprehensive Income				
<b>Balance as of September 30, 2003</b>	<b>57,182,387</b>	<b>57,182</b>	<b>908</b>	<b>118,754</b>

Outstanding compensation for employee stock ownership program €k	Currency translation adjustment €k	Retained earnings/ Accumulated deficit €k	Total equity €k	Comprehensive Income €k
-47	-131	-95,515	77,980	
			865	
			-184	
-109			799	
	321		321	321
		37,305	37,305	37,305
				<b>37,626</b>
<b>-156</b>	<b>190</b>	<b>-58,210</b>	<b>117,086</b>	
			908	
		-28,591	-28,591	
-89			585	
	246		246	246
		26,520	26,520	26,520
				<b>26,766</b>
<b>-245</b>	<b>436</b>	<b>-60,281</b>	<b>116,754</b>	

**United Internet AG – Balance Sheet according to German Commercial Code (HGB)**

as of September 30, 2003 in €k

**ASSETS**

	September 30, 2003		Dezember 31, 2002	
<b>Fixed assets</b>				
Intangible assets				
Concessions, industrial and similar rights, and assets and licenses in such rights and assets	30		48	
<b>Intangible assets, total</b>	<b>30</b>		<b>48</b>	
Property, plant and equipment				
Other equipment, operational and office equipment	212	0.1 %	292	0.2 %
<b>Property, plant and equipment, total</b>	<b>212</b>	<b>0.1 %</b>	<b>292</b>	<b>0.2 %</b>
Financial assets				
Shares in affiliated companies	79,718	54.8 %	79,718	49.2 %
Investments	33,856	23.3 %	33,037	20.4 %
Other loans	497	0.4 %	580	0.4 %
<b>Financial assets, total</b>	<b>114,071</b>	<b>78.5 %</b>	<b>113,335</b>	<b>70.0 %</b>
<b>Fixed assets, total</b>	<b>114,313</b>	<b>78.6 %</b>	<b>113,675</b>	<b>70.2 %</b>
<b>Current assets</b>				
Accounts receivable and other assets				
Accounts receivable, trade	16		17	
Receivables due from affiliated companies	8,149	5.6 %	28,383	17.5 %
Receivables due from companies in which an investment is held	24		700	0.4 %
Other assets	2,668	1.8 %	2,416	1.5 %
<b>Accounts receivable and other assets, total</b>	<b>10,857</b>	<b>7.4 %</b>	<b>31,516</b>	<b>19.4 %</b>
Cash in hand and bank balances	20,318	14.0 %	16,796	10.4 %
<b>Current assets, total</b>	<b>31,175</b>	<b>21.4 %</b>	<b>48,312</b>	<b>29.8 %</b>
Prepaid expenses	2		0	
<b>Balance sheet, total</b>	<b>145,490</b>	<b>100.0 %</b>	<b>161,987</b>	<b>100.0 %</b>

**EQUITY AND LIABILITIES**

	<b>September 30, 2003</b>		<b>Dezember 31, 2002</b>	
<b>Equity</b>				
Capital stock	57,182	39.3 %	56,882	35.1 %
Additional paid-in capital	38,918	26.7 %	38,354	23.7 %
Revenue reserves	898	0.6 %	898	0.5 %
Accumulated revenue / deficit	13,490	9.3 %	-39,973	-24.7 %
Profit / loss	-2,679	-1.8 %	82,054	50.7 %
<b>Equity, total</b>	<b>107,809</b>	<b>74.1 %</b>	<b>138,215</b>	<b>85.3 %</b>
<b>Subscribed capital</b>	<b>908</b>	<b>0.6 %</b>	<b>865</b>	<b>0.5 %</b>
<b>Accruals</b>				
Accrued taxes	1,980	1.4 %	4,106	2.5 %
Other reserves and accrued liabilities	6,493	4.5 %	7,026	4.4 %
<b>Accruals, total</b>	<b>8,473</b>	<b>5.9 %</b>	<b>11,132</b>	<b>6.9 %</b>
<b>Liabilities</b>				
Bonds	1,573	1.1 %	1,257	0.8 %
Accounts payable, trade	790	0.5 %	118	0.1 %
Liabilities due to affiliated companies	23,271	16.0 %	7,756	4.8 %
Other liabilities	2,666	1.8 %	2,644	1.6 %
<b>Liabilities, total</b>	<b>28,300</b>	<b>19.4 %</b>	<b>11,775</b>	<b>7.3 %</b>
<b>Balance sheet, total</b>	<b>145,490</b>	<b>100.0 %</b>	<b>161,987</b>	<b>100.0 %</b>

**United Internet AG – Income Statement according to German Commercial Code (HGB)**

for January 1, 2003 to September 30, 2003 in €k

	<b>2003</b>	<b>2002</b>
	<b>January–September</b>	<b>January–September</b>
Net sales	2,496	2,018
Other operating income	461	38,826
Cost of materials		
Cost of purchased services	-2,088	-1,440
Personnel expenses		
a. Wages and salaries	-810	-1,184
b. Social security contributions	-60	-64
Depreciation of intangible and tangible assets	-106	-174
Other operating expenses	-2,487	-3,195
Income from investments	200	100
Interest and similar income	828	459
Interest and similar expenses	-1,023	-2,196
<b>Result before taxes</b>	<b>-2,589</b>	<b>33,150</b>
Income taxes	-87	-74
Other taxes	-3	-2
<b>Profit / loss</b>	<b>-2,679</b>	<b>33,074</b>

The accounting and valuation principles used in this report on the first nine months correspond to those applied in the annual financial statements for fiscal 2002..



### Products

**GMX GmbH (D)**  
**GMX Internet Services GmbH (D)**

**1&1 Internet AG (D)**  
**1&1 Internet Ltd. (UK)**  
**1&1 Internet S.A.R.L. (F)**  
**1&1 Internet Inc. (USA)**  
**1&1 Internet Service GmbH (D)**

**Schlund+Partner AG (D)**

**A1 GmbH (D)**

**CONVIGATE GmbH (D)**

### Outsourcing

**Schlund Technologies GmbH (D)**

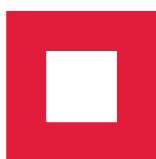
**twenty4help Knowledge Service AG (D)**  
**twenty4help Knowledge Service B.V. (NL)**  
**twenty4help Knowledge Service A.B. (S)**  
**twenty4help Knowledge Service Ltd. (UK)**  
**twenty4help Knowledge Service S.L. (E)**  
**twenty4help Knowledge Service Sp.zo.o (PL)**

**MIP Multimedia Internet Park GmbH (D)**

#### Shareholdings:

AdLINK Internet Media AG	67.62 % *
fun communications GmbH	33.33 %
imedia - Gesellschaft für neue Medien mbH	40.00 %
Metropolis AG	44,86 %
NT plus AG	40.23 %
Sedo GmbH	41.04 %

\* 21 % deposited with trustee for call option held by DoubleClick Inc.



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