

**UNITED ONLINE, INC.**  
**Unaudited Condensed Consolidated Statements of Operations**  
(in thousands, except per share amounts)

<b>Quarter Ended</b>	<b>March 31, 2008</b>	<b>December 31, 2007</b>	<b>September 30, 2007</b>	<b>June 30, 2007</b>	<b>March 31, 2007</b>
Revenues	\$ 121,811	\$ 125,410	\$ 126,825	\$ 131,417	\$ 129,851
Operating expenses:					
Cost of revenues <sup>(a)</sup>	27,839	29,682	27,865	30,409	29,247
Sales and marketing <sup>(a)</sup>	36,781	36,277	38,410	42,712	46,025
Product development <sup>(a)</sup>	12,902	12,232	12,276	13,065	13,471
General and administrative <sup>(a)</sup>	20,884	19,036	21,887	16,900	15,489
Amortization of intangible assets	2,836	3,011	3,090	3,204	3,495
Restructuring charges	206	2,991	34	394	-
Total operating expenses	<u>101,448</u>	<u>103,229</u>	<u>103,562</u>	<u>106,684</u>	<u>107,727</u>
Operating income	20,363	22,181	23,263	24,733	22,124
Interest and other income, net	1,808	2,100	1,874	1,881	1,700
Interest expense	(166)	(204)	(228)	(372)	(360)
Income before income taxes	22,005	24,077	24,909	26,242	23,464
Provision for income taxes	9,003	9,505	10,940	10,034	10,436
Net income	<u>\$ 13,002</u>	<u>\$ 14,572</u>	<u>\$ 13,969</u>	<u>\$ 16,208</u>	<u>\$ 13,028</u>
Basic net income per share	<u>\$ 0.19</u>	<u>\$ 0.22</u>	<u>\$ 0.21</u>	<u>\$ 0.24</u>	<u>\$ 0.20</u>
Diluted net income per share	<u>\$ 0.19</u>	<u>\$ 0.21</u>	<u>\$ 0.20</u>	<u>\$ 0.23</u>	<u>\$ 0.19</u>
Shares used to calculate basic net income per share	<u>68,145</u>	<u>67,526</u>	<u>67,207</u>	<u>66,685</u>	<u>65,627</u>
Shares used to calculate diluted net income per share	<u>69,727</u>	<u>70,166</u>	<u>69,525</u>	<u>69,351</u>	<u>68,080</u>
Shares outstanding at end of period	<u>68,563</u>	<u>68,019</u>	<u>67,639</u>	<u>67,462</u>	<u>66,420</u>
(a) Stock-based compensation was allocated as follows:					
Cost of revenues	\$ 220	\$ 189	\$ 247	\$ 254	\$ 194
Sales and marketing	1,588	1,068	1,128	943	892
Product development	1,288	1,127	1,358	1,211	1,245
General and administrative	6,914	4,561	3,050	366	1,716
Total stock-based compensation	<u>\$ 10,010</u>	<u>\$ 6,945</u>	<u>\$ 5,783</u>	<u>\$ 2,774</u>	<u>\$ 4,047</u>

**UNITED ONLINE, INC.**
**Unaudited Reconciliation of Operating Income to Adjusted Operating Income Before Depreciation and Amortization (OIBDA)**  
**(in thousands, except percentages)**

Quarter Ended	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
Operating income	\$ 20,363	\$ 22,181	\$ 23,263	\$ 24,733	\$ 22,124	\$ 9,304	\$ 21,885	\$ 22,258	\$ 20,572
Depreciation	5,239	5,150	5,021	5,234	4,745	5,501	5,737	5,345	4,707
Amortization of intangible assets	2,836	3,011	3,090	3,204	3,495	4,486	4,213	4,552	4,389
Operating income before depreciation and amortization	28,438	30,342	31,374	33,171	30,364	19,291	31,835	32,155	29,668
Stock-based compensation	10,010	6,945	5,783	2,774	4,047	4,031	4,304	5,864	4,969
Restructuring charges	206	2,991	34	394	-	-	627	-	-
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	-	-	13,285	-	-	-
Adjusted operating income before depreciation and amortization	\$ 38,654	\$ 40,278	\$ 37,191	\$ 36,339	\$ 34,411	\$ 36,607	\$ 36,766	\$ 38,019	\$ 34,637
Adjusted OIBDA as a % of revenues	31.7%	32.1%	29.3%	27.7%	26.5%	28.0%	28.4%	28.2%	27.2%

**Unaudited Reconciliation of Segment Income from Operations to Segment Adjusted OIBDA**  
**(in thousands, except percentages)**

Quarter Ended	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
<b>Classmates Media:</b>									
Segment income from operations	\$ 7,953	\$ 10,052	\$ 7,682	\$ 6,122	\$ 4,321	\$ 7,464	\$ 3,312	\$ 5,114	\$ 4,048
Stock-based compensation	3,863	3,383	1,904	863	837	1,079	1,191	1,576	1,026
Restructuring charges	-	42	-	-	-	-	-	-	-
Segment adjusted operating income before depreciation and amortization	\$ 11,816	\$ 13,477	\$ 9,586	\$ 6,985	\$ 5,158	\$ 8,543	\$ 4,503	\$ 6,690	\$ 5,074
Segment adjusted OIBDA as a % of segment revenues	22.8%	25.3%	19.2%	14.6%	12.2%	20.3%	12.7%	18.1%	20.2%
<b>Communications:</b>									
Segment income from operations	\$ 20,485	\$ 20,290	\$ 23,692	\$ 27,049	\$ 26,043	\$ 11,827	\$ 28,523	\$ 27,041	\$ 25,620
Stock-based compensation	6,147	3,562	3,879	1,911	3,210	2,952	3,113	4,288	3,943
Restructuring charges	206	2,949	34	394	-	-	627	-	-
Impairment of goodwill, intangible assets and long-lived assets	-	-	-	-	-	13,285	-	-	-
Segment adjusted operating income before depreciation and amortization	\$ 26,838	\$ 26,801	\$ 27,605	\$ 29,354	\$ 29,253	\$ 28,064	\$ 32,263	\$ 31,329	\$ 29,563
Segment adjusted OIBDA as a % of segment revenues	38.4%	37.2%	35.9%	35.1%	33.5%	31.6%	34.2%	32.0%	28.9%

**UNITED ONLINE, INC.**

**Unaudited Reconciliation of Operating Income to Adjusted Operating Income Before Depreciation and Amortization (OIBDA) <sup>(1)</sup>**

**(in thousands, except percentages)**

<b>Year Ended</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>	<b>December 31, 2005</b>	<b>December 31, 2004</b>	<b>December 31, 2003</b>	<b>December 31, 2002</b>
Operating income	\$ 92,301	\$ 74,019	\$ 86,560	\$ 79,493	\$ 49,493	\$ (7,250)
Depreciation	20,150	21,290	15,481	8,003	7,911	15,364
Amortization of intangible assets	12,800	17,640	21,799	20,403	15,856	17,853
Operating income before depreciation and amortization	125,251	112,949	123,840	107,899	73,260	25,967
Stock-based compensation	19,549	19,168	9,952	2,449	42	2,919
Restructuring charges	3,419	627	-	-	-	-
Impairment of goodwill, intangible assets and long-lived assets	-	13,285	-	-	-	-
Restructuring and merger-related charges <sup>(a)</sup>	-	-	-	-	219	2,971
Facility-exit costs <sup>(b)</sup>	-	-	-	3,257	-	-
Adjusted operating income before depreciation and amortization	<u>\$ 148,219</u>	<u>\$ 146,029</u>	<u>\$ 133,792</u>	<u>\$ 113,605</u>	<u>\$ 73,521</u>	<u>\$ 31,857</u>
Adjusted OIBDA as a % of revenues	28.9%	27.9%	25.5%	25.3%	21.7%	13.9%

(a) Represents restructuring and merger-related charges incurred in connection with the merger of Juno and NetZero and the acquisition of certain assets of BlueLight. These costs are primarily attributable to stay bonuses, contract termination fees, write-offs of leasehold improvements and employee severance payments.

(b) Represents costs incurred in connection with the relocation of the company's corporate offices. These costs are primarily attributable to lease termination fees and accelerated depreciation incurred in connection with terminated leases.

**Unaudited Reconciliation of Segment Income from Operations to Segment Adjusted OIBDA <sup>(1)</sup>**

**(in thousands, except percentages)**

<b>Year Ended</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>	<b>December 31, 2005</b>
<b>Classmates Media:</b>			
Segment income from operations	\$ 28,177	\$ 19,938	\$ 10,399
Stock-based compensation	6,987	4,872	2,631
Restructuring charges	42	-	-
Segment adjusted operating income before depreciation and amortization	<u>\$ 35,206</u>	<u>\$ 24,810</u>	<u>\$ 13,030</u>
Segment adjusted OIBDA as a % of segment revenues	18.2%	17.8%	15.3%
<b>Communications:</b>			
Segment income from operations	\$ 97,074	\$ 93,011	\$ 113,441
Stock-based compensation	12,562	14,296	7,321
Restructuring charges	3,377	627	-
Impairment of goodwill, intangible assets and long-lived assets	-	13,285	-
Segment adjusted operating income before depreciation and amortization	<u>\$ 113,013</u>	<u>\$ 121,219</u>	<u>\$ 120,762</u>
Segment adjusted OIBDA as a % of segment revenues	35.3%	31.6%	27.4%

**UNITED ONLINE, INC.**

**Unaudited Reconciliation of Net Income to Adjusted Net Income<sup>(2)</sup>**

(in thousands, except per-share data)

<b>Quarter Ended</b>	<b>March 31, 2008</b>	<b>December 31, 2007</b>	<b>September 30, 2007</b>	<b>June 30, 2007</b>	<b>March 31, 2007</b>
Net income	\$ 13,002	\$ 14,572	\$ 13,969	\$ 16,208	\$ 13,028
Add:					
Stock-based compensation	10,010	6,945	5,783	2,774	4,047
Amortization of intangible assets	2,836	3,011	3,090	3,204	3,495
Restructuring charges	206	2,991	34	394	-
	<u>26,054</u>	<u>27,519</u>	<u>22,876</u>	<u>22,580</u>	<u>20,570</u>
Income tax effect of adjusting entries	(3,840)	(4,170)	(2,349)	(2,483)	(2,049)
Re-measurement of certain deferred tax assets	-	-	-	(658)	-
Adjusted net income	<u>\$ 22,214</u>	<u>\$ 23,349</u>	<u>\$ 20,527</u>	<u>\$ 19,439</u>	<u>\$ 18,521</u>
Basic net income per share	<u>\$ 0.19</u>	<u>\$ 0.22</u>	<u>\$ 0.21</u>	<u>\$ 0.24</u>	<u>\$ 0.20</u>
Diluted net income per share	<u>\$ 0.19</u>	<u>\$ 0.21</u>	<u>\$ 0.20</u>	<u>\$ 0.23</u>	<u>\$ 0.19</u>
Adjusted basic net income per share	<u>\$ 0.33</u>	<u>\$ 0.35</u>	<u>\$ 0.31</u>	<u>\$ 0.29</u>	<u>\$ 0.28</u>
Adjusted diluted net income per share	<u>\$ 0.31</u>	<u>\$ 0.33</u>	<u>\$ 0.29</u>	<u>\$ 0.27</u>	<u>\$ 0.27</u>
Shares used to calculate basic net income per share	<u>68,145</u>	<u>67,526</u>	<u>67,207</u>	<u>66,685</u>	<u>65,627</u>
Shares used to calculate diluted net income per share	<u>69,727</u>	<u>70,166</u>	<u>69,525</u>	<u>69,351</u>	<u>68,080</u>
Shares used to calculate adjusted basic net income per share	<u>68,145</u>	<u>67,526</u>	<u>67,207</u>	<u>66,685</u>	<u>65,627</u>
Shares used to calculate adjusted diluted net income per share <sup>(a)</sup>	<u>72,154</u>	<u>71,648</u>	<u>71,171</u>	<u>70,873</u>	<u>69,089</u>

(a) Includes the adjustment of shares used to calculate diluted net income per share resulting from the elimination of stock-based compensation.

**UNITED ONLINE, INC.**

**Unaudited Reconciliation of Net Income to Adjusted Net Income<sup>(2)</sup>**  
**(in thousands, except per-share data)**

<b>Year Ended</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Net income	\$ 57,777	\$ 42,272	\$ 47,127
Add (deduct):			
Stock-based compensation	19,549	19,168	9,952
Amortization of intangible assets	12,800	17,640	21,799
Restructuring charges	3,419	627	-
Impairment of goodwill, intangible assets and long-lived assets	-	13,285	-
Cumulative effect of change in accounting principle, net of tax	-	(1,041)	-
	<u>93,545</u>	<u>91,951</u>	<u>78,878</u>
Income tax effect of adjusting entries	(11,051)	(16,416)	(8,777)
Re-measurement of certain deferred tax assets	(658)	2,132	1,008
Adjusted net income	<u>\$ 81,836</u>	<u>\$ 77,667</u>	<u>\$ 71,109</u>
Basic net income per share	<u>\$ 0.87</u>	<u>\$ 0.66</u>	<u>\$ 0.77</u>
Diluted net income per share	<u>\$ 0.83</u>	<u>\$ 0.64</u>	<u>\$ 0.74</u>
Adjusted basic net income per share	<u>\$ 1.23</u>	<u>\$ 1.21</u>	<u>\$ 1.16</u>
Adjusted diluted net income per share	<u>\$ 1.16</u>	<u>\$ 1.16</u>	<u>\$ 1.09</u>
Shares used to calculate basic net income per share	<u>66,768</u>	<u>64,001</u>	<u>61,135</u>
Shares used to calculate diluted net income per share	<u>69,287</u>	<u>66,269</u>	<u>63,815</u>
Shares used to calculate adjusted basic net income per share	<u>66,768</u>	<u>64,001</u>	<u>61,135</u>
Shares used to calculate adjusted diluted net income per share <sup>(a)</sup>	<u>70,704</u>	<u>67,138</u>	<u>65,127</u>

(a) Includes the adjustment of shares used to calculate diluted net income per share resulting from the elimination of stock-based compensation.

**UNITED ONLINE, INC.**  
**Unaudited Condensed Consolidated Balance Sheets**  
(in thousands)

	<b>March 31, 2008</b>	<b>December 31, 2007</b>	<b>September 30, 2007</b>	<b>June 30, 2007</b>	<b>March 31, 2007</b>
<b>ASSETS</b>					
Cash, cash equivalents and short-term investments	\$ 224,015	\$ 218,307	\$ 205,407	\$ 191,401	\$ 168,011
Accounts receivable, net	25,228	28,765	27,660	30,259	30,739
Deferred tax assets, net	64,964	64,609	65,976	71,068	71,747
Property and equipment, net	37,129	39,570	37,053	36,803	35,339
Goodwill and intangible assets, net	170,369	173,267	176,631	179,679	183,180
Other assets	24,153	27,875	20,575	20,428	17,164
Total assets	<u>\$ 545,858</u>	<u>\$ 552,393</u>	<u>\$ 533,302</u>	<u>\$ 529,638</u>	<u>\$ 506,180</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Accounts payable	\$ 36,642	\$ 38,095	\$ 37,347	\$ 43,523	\$ 37,806
Accrued liabilities	17,992	30,586	28,383	27,711	30,016
Member redemption liability	23,755	24,560	23,523	22,817	21,182
Deferred revenue	72,813	67,777	68,327	65,639	61,593
Capital leases	9	13	18	22	26
Other liabilities	10,845	10,734	4,648	4,765	4,782
Total liabilities	<u>162,056</u>	<u>171,765</u>	<u>162,246</u>	<u>164,477</u>	<u>155,405</u>
Stockholders' equity	383,802	380,628	371,056	365,161	350,775
Total liabilities and stockholders' equity	<u>\$ 545,858</u>	<u>\$ 552,393</u>	<u>\$ 533,302</u>	<u>\$ 529,638</u>	<u>\$ 506,180</u>

**UNITED ONLINE, INC.**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
(in thousands)

Quarter Ended	<u>March 31, 2008</u>	<u>December 31, 2007</u>	<u>September 30, 2007</u>	<u>June 30, 2007</u>	<u>March 31, 2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Net income	\$ 13,002	\$ 14,572	\$ 13,969	\$ 16,208	\$ 13,028
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and stock-based compensation	18,085	15,107	13,894	11,212	12,287
Provision for doubtful accounts receivable	318	(1,037)	1,267	1,299	(206)
Deferred taxes and other	(191)	1,873	5,246	1,250	(192)
Tax benefits from stock-based compensation	77	391	521	2,541	1,169
Excess tax benefits from stock-based compensation	(226)	(436)	(199)	(1,665)	(868)
Change in operating assets and liabilities:					
Accounts receivable	3,220	(68)	1,332	(819)	1,692
Other assets	5,908	(4,460)	(234)	(3,264)	(1,060)
Accounts payable and accrued liabilities	(15,536)	95	(5,504)	3,412	(7,028)
Member redemption liability	(805)	1,037	706	1,636	1,193
Deferred revenue	5,037	(550)	2,688	4,046	5,246
Other liabilities	110	6,086	(117)	(16)	(55)
Net cash provided by operating activities	<u>28,999</u>	<u>32,610</u>	<u>33,569</u>	<u>35,840</u>	<u>25,206</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchases of property and equipment	(2,799)	(7,674)	(5,272)	(6,766)	(5,797)
Purchases of short-term investments	(69,268)	(23,569)	(40,846)	(85,014)	(79,491)
Proceeds from maturities of short-term investments	22,985	21,245	25,125	22,275	4,245
Proceeds from sales of short-term investments	9,273	48,395	72,538	42,266	66,795
Cash paid for pending acquisition	(682)	-	-	-	-
Proceeds from sales of assets, net	9	7	43	7	14
Net cash provided by (used for) investing activities	<u>(40,482)</u>	<u>38,404</u>	<u>51,588</u>	<u>(27,232)</u>	<u>(14,234)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Payments on capital leases	(4)	(4)	(4)	(4)	(4)
Proceeds from exercises of stock options	694	1,216	552	4,954	1,883
Proceeds from employee stock purchase plan	-	1,928	-	3,485	-
Repurchases of common stock	(6,162)	(929)	(890)	(1,125)	(2,657)
Payment for dividends	(14,569)	(14,564)	(14,392)	(14,447)	(13,727)
Excess tax benefits from stock-based compensation	226	436	199	1,665	868
Net cash used for financing activities	<u>(19,815)</u>	<u>(11,917)</u>	<u>(14,535)</u>	<u>(5,472)</u>	<u>(13,637)</u>
Effect of exchange rate changes on cash and cash equivalents	(112)	(102)	192	(23)	(2)
Change in cash and cash equivalents	(31,410)	58,995	70,814	3,113	(2,667)
Cash and cash equivalents, beginning of period	149,507	90,512	19,698	16,585	19,252
Cash and cash equivalents, end of period	<u>\$ 118,097</u>	<u>\$ 149,507</u>	<u>\$ 90,512</u>	<u>\$ 19,698</u>	<u>\$ 16,585</u>

**UNITED ONLINE, INC.****Unaudited Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow<sup>(4)</sup>**  
**(in thousands)**

<b>Quarter Ended</b>	<b>March 31, 2008</b>	<b>December 31, 2007</b>	<b>September 30, 2007</b>	<b>June 30, 2007</b>	<b>March 31, 2007</b>
Net cash provided by operating activities	\$ 28,999	\$ 32,610	\$ 33,569	\$ 35,840	\$ 25,206
Add (deduct):					
Capital expenditures	(2,799)	(7,674)	(5,272)	(6,766)	(5,797)
Excess tax benefits from stock-based compensation	226	436	199	1,665	868
Cash paid for restructuring charges	151	2,776	34	394	-
Free cash flow	<u>\$ 26,577</u>	<u>\$ 28,148</u>	<u>\$ 28,530</u>	<u>\$ 31,133</u>	<u>\$ 20,277</u>

**UNITED ONLINE, INC.**
**Unaudited Quarterly Segment Information <sup>(a)</sup>**
**(in thousands)**

	<u>March 31, 2008</u>	<u>December 31, 2007</u>	<u>September 30, 2007</u>	<u>June 30, 2007</u>	<u>March 31, 2007</u>
<b><u>Classmates Media</u></b>					
Billable services	\$ 31,241	\$ 30,200	\$ 28,455	\$ 25,632	\$ 22,227
Advertising	20,643	23,073	21,517	22,108	20,207
Total revenues	<u>51,884</u>	<u>53,273</u>	<u>49,972</u>	<u>47,740</u>	<u>42,434</u>
Operating expenses					
Cost of revenues	10,212	12,128	10,144	10,312	9,394
Sales and marketing	19,646	18,182	19,684	20,874	20,465
Product development	5,430	4,777	4,205	4,124	3,703
General and administrative	10,706	10,137	10,172	8,233	6,466
Amortization of intangible assets	2,375	2,549	2,629	2,743	2,848
Restructuring charges	-	42	-	-	-
Total operating expenses	<u>48,369</u>	<u>47,815</u>	<u>46,834</u>	<u>46,286</u>	<u>42,876</u>
Operating income (loss)	<u>3,515</u>	<u>5,458</u>	<u>3,138</u>	<u>1,454</u>	<u>(442)</u>
Depreciation	2,063	2,045	1,915	1,925	1,915
Amortization of intangible assets	2,375	2,549	2,629	2,743	2,848
Operating income before depreciation and amortization	<u>7,953</u>	<u>10,052</u>	<u>7,682</u>	<u>6,122</u>	<u>4,321</u>
Stock-based compensation	3,863	3,383	1,904	863	837
Restructuring charges	-	42	-	-	-
Segment adjusted operating income before depreciation and amortization <sup>(1)</sup>	<u>\$ 11,816</u>	<u>\$ 13,477</u>	<u>\$ 9,586</u>	<u>\$ 6,985</u>	<u>\$ 5,158</u>
<b><u>Communications</u></b>					
Billable services	\$ 59,421	\$ 61,295	\$ 66,131	\$ 71,493	\$ 74,093
Advertising	10,506	10,842	10,722	12,184	13,324
Total revenues	<u>69,927</u>	<u>72,137</u>	<u>76,853</u>	<u>83,677</u>	<u>87,417</u>
Operating expenses					
Cost of revenues	17,627	17,554	17,721	20,097	19,853
Sales and marketing	17,135	18,095	18,726	21,838	25,560
Product development	7,472	7,455	8,071	8,941	9,768
General and administrative	10,178	8,899	11,715	8,667	9,023
Amortization of intangible assets	461	462	461	461	647
Restructuring charges	206	2,949	34	394	-
Total operating expenses	<u>53,079</u>	<u>55,414</u>	<u>56,728</u>	<u>60,398</u>	<u>64,851</u>
Operating income	<u>16,848</u>	<u>16,723</u>	<u>20,125</u>	<u>23,279</u>	<u>22,566</u>
Depreciation	3,176	3,105	3,106	3,309	2,830
Amortization of intangible assets	461	462	461	461	647
Operating income before depreciation and amortization	<u>20,485</u>	<u>20,290</u>	<u>23,692</u>	<u>27,049</u>	<u>26,043</u>
Stock-based compensation	6,147	3,562	3,879	1,911	3,210
Restructuring charges	206	2,949	34	394	-
Segment adjusted operating income before depreciation and amortization <sup>(1)</sup>	<u>\$ 26,838</u>	<u>\$ 26,801</u>	<u>\$ 27,605</u>	<u>\$ 29,354</u>	<u>\$ 29,253</u>
Consolidated adjusted operating income before depreciation and amortization <sup>(1)</sup>	<u>\$ 38,654</u>	<u>\$ 40,278</u>	<u>\$ 37,191</u>	<u>\$ 36,339</u>	<u>\$ 34,411</u>

(a) Segment results for all prior periods have been adjusted to conform with the current segment reporting structure, which was modified in Q4 2007.

**UNITED ONLINE, INC.**
**Unaudited Selected Quarterly Historical Key Metrics (a)**

	<u>March 31, 2008</u>	<u>December 31, 2007</u>	<u>September 30, 2007</u>	<u>June 30, 2007</u>	<u>March 31, 2007</u>
<b>Consolidated:</b>					
Total pay accounts <sup>(b)(3)</sup> (in thousands)	5,564	5,349	5,239	5,118	4,984
Churn <sup>(b)(c)</sup>	4.5%	4.6%	4.8%	4.6%	4.7%
Number of employees at end of period	908	928	999	985	1,008
<b>Classmates Media:</b>					
Segment revenues <sup>(1)</sup> (in thousands)	\$ 51,884	\$ 53,273	\$ 49,972	\$ 47,740	\$ 42,434
<i>% of Total revenues</i>	42.6%	42.5%	39.4%	36.3%	32.7%
Pay accounts (in thousands)	3,521	3,199	2,983	2,710	2,433
<i>% of Total pay accounts</i>	63.3%	59.8%	56.9%	53.0%	48.8%
Segment churn <sup>(c)</sup>	4.3%	4.7%	4.6%	4.6%	4.5%
ARPU <sup>(d)</sup>	\$3.10	\$3.26	\$3.33	\$3.32	\$3.22
Segment active accounts <sup>(3)(e)</sup> (in millions)	13.9	12.6	12.8	11.7	11.4
<b>Communications:</b>					
Segment revenues <sup>(1)</sup> (in thousands)	\$ 69,927	\$ 72,137	\$ 76,853	\$ 83,677	\$ 87,417
<i>% of Total revenues</i>	57.4%	57.5%	60.6%	63.7%	67.3%
Pay accounts (in thousands):					
Access	1,682	1,786	1,886	2,016	2,158
Other	361	364	370	392	393
Total Communications pay accounts <sup>(b)</sup>	<u>2,043</u>	<u>2,150</u>	<u>2,256</u>	<u>2,408</u>	<u>2,551</u>
<i>% of Total pay accounts</i>	36.7%	40.2%	43.1%	47.0%	51.2%
Segment churn <sup>(c)</sup>	4.8%	4.4%	4.9%	4.7%	4.9%
ARPU <sup>(d)</sup>	\$9.45	\$9.28	\$9.45	\$9.61	\$9.43
Segment active accounts <sup>(3)</sup> (in millions)	3.1	3.3	3.5	3.7	3.9

(a) More information on the financial results for these quarters can be found in the company's filings with the Securities and Exchange Commission.

(b) Growth in pay accounts during the quarter ended September 30, 2007 includes a loss of 18,000 pay accounts resulting from the company's decision to exit the photo sharing business. Growth in pay accounts during the quarter ended December 31, 2007 includes a loss of 6,000 pay accounts resulting from the company's decision to exit the VoIP business. Excluding the loss of photo sharing and VoIP customers related to the company's decisions to exit these businesses, Communications segment churn would have been 4.7% in the quarter ended September 30, 2007 and 4.3% in the quarter ended December 31, 2007, and consolidated churn would have been 4.6% in the quarter ended September 30, 2007 and 4.5% in the quarter ended December 31, 2007.

(c) Churn is calculated as the total number of pay accounts that terminated or expired in a period divided by the average number of pay accounts for the same period, divided by the number of months in that period.

(d) ARPU is calculated by dividing billable services revenues for a period by the average number of pay accounts for that period, divided by the number of months in that period.

(e) The numbers of active international accounts prior to the quarter ended June 30, 2007 were derived by dividing the actual total numbers of visits by an estimate of the number of times a user returned to the site during the period.

(f) Segment results for all prior periods have been adjusted to conform with the current segment reporting structure, which was modified in Q4 2007.

## Definitions of Non-GAAP Financial Measures

(1) Adjusted operating income before depreciation and amortization (adjusted OIBDA) is defined by the company as operating income before depreciation; amortization; stock-based compensation; restructuring and related charges; and impairment of goodwill, intangible assets and long-lived assets. The company's definition of adjusted OIBDA has been modified from time to time. Management believes that because adjusted OIBDA excludes (1) certain non-cash expenses (such as depreciation, amortization, stock-based compensation, and impairment of goodwill, intangible assets and long-lived assets); and (2) expenses that are not reflective of the company's core operating results over time (such as restructuring and related charges), this measure provides investors with additional useful information to measure the company's financial performance, particularly with respect to changes in performance from period to period. Management uses adjusted OIBDA to measure the company's performance. The company's board of directors has used this measure in determining certain compensation incentives for certain members of the company's management. Adjusted OIBDA is not determined in accordance with accounting principles generally accepted in the United States of America ("GAAP") and should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP. A limitation associated with the use of adjusted OIBDA is that it does not reflect the periodic costs of certain tangible and intangible assets used in generating revenues in the company's business. Management evaluates the costs of such tangible and intangible assets through other financial activities such as evaluations of capital expenditures and purchase accounting. An additional limitation associated with this measure is that it does not include stock-based compensation expenses related to the company's workforce. Management compensates for this limitation by providing a summary of stock-based compensation expenses on the face of the consolidated statements of operations. A further limitation associated with the use of this measure is that it does not reflect the costs of restructuring and related charges and impairment of goodwill, intangible assets and long-lived assets. Management compensates for this limitation by providing supplemental information about restructuring and related charges and impairment charges within its financial press releases and SEC filings, when applicable. An additional limitation associated with the use of this measure is that the term adjusted OIBDA does not have a standardized meaning. Therefore, other companies may use the same or a similarly named measure but exclude different items or use different computations, which may not provide investors a comparable view of the company's performance in relation to other companies. Management compensates for this limitation by presenting the most comparable GAAP measure, operating income, directly ahead of adjusted OIBDA within its financial press releases and by providing a reconciliation that shows and describes the adjustments made. A reconciliation to operating income is provided in the accompanying tables.

Adjusted OIBDA for each of the company's segments is defined by the company as segment income from operations, as set forth in the company's Forms 10-K and Forms 10-Q, before stock-based compensation, restructuring and related charges and impairment of goodwill, intangible assets and long-lived assets. The company's definition of adjusted OIBDA for each of the company's segments has been modified from time to time. Management believes that because segment adjusted OIBDA and segment adjusted OIBDA as a percentage of segment revenues exclude (1) certain non-cash expenses (such as stock-based compensation, and impairment of goodwill, intangible assets and long-lived assets); and (2) expenses that are not reflective of the segment's core operating results over time (such as restructuring and related charges), these measures provide investors with additional useful information to evaluate the company's segment financial performance, particularly with respect to changes in performance from period to period. Segment adjusted OIBDA and segment adjusted OIBDA as a percentage of segment revenues are not determined in accordance with GAAP and should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP. A limitation associated with this measure is that it does not include stock-based compensation expenses related to the company's workforce. Management compensates for this limitation by providing a summary of stock-based compensation expenses on the face of the consolidated statements of operations. A further limitation associated with the use of these measures is that they do not reflect the costs of restructuring and related charges and

impairment charges related to an operating segment. Management compensates for this limitation by providing supplemental information about restructuring and related charges and impairment charges by segment within its financial press releases and SEC filings, when applicable. A reconciliation to segment income from operations, its most comparable GAAP financial measure, is provided in the accompanying tables.

(2) Adjusted net income is defined by the company as net income before the after-tax effect of: stock-based compensation; amortization of intangible assets; restructuring and related charges; impairment of goodwill, intangible assets and long-lived assets; and the cumulative effect of a change in accounting principle as a result of the adoption of SFAS 123R, and the re-measurement of certain deferred tax assets. Management believes that adjusted net income and adjusted diluted net income per share provide investors with additional useful information to measure the company's financial performance, particularly with respect to changes in performance from period to period, because these measures are exclusive of (1) certain non-cash expenses (such as stock-based compensation, amortization, the cumulative effect of change in accounting principle, and impairment of goodwill, intangible assets and long-lived assets); and (2) expenses that are not reflective of the company's core results over time (such as restructuring and related charges). Management also uses adjusted net income and adjusted diluted net income per share for this purpose. Adjusted net income and adjusted diluted net income per share are not determined in accordance with GAAP and should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP. The limitations of adjusted net income and adjusted diluted net income per share are that, similar to adjusted OIBDA, they do not include certain costs, and the terms adjusted net income and adjusted diluted net income per share do not have standardized meanings. Therefore, other companies may use the same or similarly named measures but exclude different items or use different computations, which may not provide investors a comparable view of the company's performance in relation to other companies. Management compensates for this limitation by presenting the most comparable GAAP measures, net income and diluted net income per share, directly ahead of adjusted net income and adjusted diluted net income per share within its financial press releases and by providing a reconciliation that shows and describes the adjustments made. Reconciliations to net income and diluted net income per share are provided in the accompanying tables.

(3) A pay account represents a unique billing relationship with a customer who subscribes to one or more of the company's services. A pay account does not equate to a unique subscriber since one subscriber could have several pay accounts. Classmates Media segment active accounts are defined as: all social networking pay accounts as of the date presented; the monthly average for the period of all free social networking accounts who have visited the company's domestic or international social networking Web sites, excluding The Names Database, at least once during the period; and the monthly average for the period of all loyalty marketing members who have earned or redeemed points during such period. Communications segment active accounts are defined as all Communications pay accounts as of the date presented combined with the number of free Communications accounts (access and email users), excluding free Web hosting accounts, that logged on to the company's services at least once during the preceding 31 days.

(4) Free cash flow is defined by the company as net cash provided by operating activities, less capital expenditures and including the excess tax benefits from stock-based compensation and cash paid for restructuring and related charges. Management believes that free cash flow provides investors with additional useful information to measure operating liquidity because it reflects the company's operating cash flows after investing in capital assets and prior to cash paid for restructuring and related charges. It also fully reflects the tax benefits realized by the company from stock-based compensation. This measure is used by management, and may also be useful for investors, to assess the company's ability to pay its quarterly dividend, repay debt obligations, generate cash flow for a variety of strategic opportunities, including reinvestment in the business, and effect potential acquisitions and share repurchases. Free cash flow is not determined in accordance with GAAP and should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP. A limitation of free cash flow is that

it does not represent the total increase or decrease in cash during the period. An additional limitation associated with the use of this measure is that the term free cash flow does not have a standardized meaning. Therefore, other companies may use the same or a similarly named measure but exclude different items or use different computations, which may not provide investors a comparable view of the company's performance in relation to other companies. Management compensates for this limitation by presenting the most comparable GAAP measure, net cash provided by operating activities, directly ahead of free cash flow within its financial press releases and by providing a reconciliation that shows and describes the adjustments made. A reconciliation to net cash provided by operating activities is provided in the accompanying tables.