

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

	Mar 31, 2004 (unaudited)	Dec 31, 2003	Sep 30, 2003 (unaudited)	Jun 30, 2003	Mar 31, 2003 (unaudited)	Dec 31, 2002 (unaudited)	Sep 30, 2002 (unaudited)	Jun 30, 2002	Mar 31, 2002 (unaudited)
ASSETS									
Cash, cash equivalents and short-term investments.....	\$ 189,448	\$ 203,723	\$ 216,724	\$ 192,228	\$ 171,515	\$ 159,780	\$ 145,551	\$ 139,355	\$ 125,902
Restricted cash.....	-	-	700	811	811	811	1,342	6,185	6,408
Accounts receivable, net.....	11,546	14,065	12,755	12,420	11,930	11,312	8,498	7,977	10,321
Deferred tax assets, net.....	20,614	26,373	6,350	8,056	-	-	-	-	-
Property and equipment, net.....	12,835	13,428	11,554	11,535	12,518	13,303	13,645	16,500	20,823
Intangible assets, net.....	36,315	40,268	45,631	49,595	53,558	57,521	53,434	58,119	61,879
Other assets.....	8,105	10,022	9,720	6,031	8,295	7,064	8,765	5,457	5,878
Total assets.....	<u>\$ 278,863</u>	<u>\$ 307,879</u>	<u>\$ 303,434</u>	<u>\$ 280,676</u>	<u>\$ 258,627</u>	<u>\$ 249,791</u>	<u>\$ 231,235</u>	<u>\$ 233,593</u>	<u>\$ 231,211</u>
LIABILITIES AND STOCKHOLDERS' EQUITY									
Accounts payable.....	\$ 30,141	\$ 31,388	\$ 28,543	\$ 23,041	\$ 23,536	\$ 25,906	\$ 18,624	\$ 21,575	\$ 24,458
Accrued liabilities.....	17,276	14,028	12,929	17,073	15,255	13,120	11,065	11,212	9,848
Deferred revenue.....	27,296	24,639	24,257	23,616	23,902	20,157	18,350	18,815	14,723
Notes payable.....	-	-	-	-	-	-	-	-	-
Capital leases.....	-	-	12	34	98	748	2,017	3,205	4,452
Total liabilities.....	<u>74,713</u>	<u>70,055</u>	<u>65,741</u>	<u>63,764</u>	<u>62,791</u>	<u>59,931</u>	<u>50,056</u>	<u>54,807</u>	<u>53,481</u>
Stockholders' equity.....	204,150	237,824	237,693	216,912	195,836	189,860	181,179	178,786	177,730
Total liabilities and stockholders' equity.....	<u>\$ 278,863</u>	<u>\$ 307,879</u>	<u>\$ 303,434</u>	<u>\$ 280,676</u>	<u>\$ 258,627</u>	<u>\$ 249,791</u>	<u>\$ 231,235</u>	<u>\$ 233,593</u>	<u>\$ 231,211</u>

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

Three Months Ended	Mar 31, 2004	Dec 31, 2003	Sep 30, 2003	Jun 30, 2003	Mar 31, 2003	Dec 31, 2002	Sep 30, 2002	Jun 30, 2002	Mar 31, 2002
Revenues:									
Billable services.....	\$ 97,682	\$ 87,993	\$ 79,646	\$ 72,412	\$ 66,035	\$ 58,149	\$ 51,194	\$ 47,888	\$ 44,419
Advertising and commerce.....	9,993	8,955	9,144	7,196	7,784	7,651	6,874	6,561	6,492
Total revenues.....	107,675	96,948	88,790	79,608	73,819	65,800	58,068	54,449	50,911
Operating expenses:									
Cost of billable services.....	25,580	23,285	22,897	23,010	23,589	21,988	20,698	20,609	22,046
Cost of free services.....	1,725	1,869	2,084	2,572	3,134	3,161	3,736	4,365	6,786
Sales and marketing.....	43,035	36,587	33,939	26,467	23,618	19,858	16,660	14,635	10,884
Product development.....	6,101	5,368	5,120	5,428	5,963	5,738	5,919	5,709	6,095
General and administrative.....	6,863	7,014	7,008	7,930	7,107	7,067	5,628	6,400	5,931
Stock-based compensation (1).....	477	-	-	14	28	29	36	656	2,198
Amortization of intangible assets.....	3,964	3,964	3,964	3,964	3,964	3,798	4,685	4,685	4,685
Restructuring charges.....	-	-	-	-	(215)	-	-	1,113	680
Total operating expenses.....	87,745	78,087	75,012	69,385	67,188	61,639	57,362	58,172	59,305
Operating income (loss).....	19,930	18,861	13,778	10,223	6,631	4,161	706	(3,723)	(8,394)
Interest / Other income, net.....	1,206	1,224	1,183	1,124	1,105	1,073	988	1,044	1,140
Income (loss) before income taxes.....	21,136	20,085	14,961	11,347	7,736	5,234	1,694	(2,679)	(7,254)
Provision (benefit) for income taxes.....	8,775	(4,340)	6,059	(3,247)	774	523	169	-	-
Net income (loss).....	\$ 12,361	\$ 24,425	\$ 8,902	\$ 14,594	\$ 6,962	\$ 4,711	\$ 1,525	\$ (2,679)	\$ (7,254)
Basic net income (loss) per share.....	\$ 0.20	\$ 0.38	\$ 0.14	\$ 0.23	\$ 0.11	\$ 0.08	\$ 0.03	\$ (0.04)	\$ (0.12)
Diluted net income (loss) per share.....	\$ 0.18	\$ 0.35	\$ 0.13	\$ 0.21	\$ 0.10	\$ 0.07	\$ 0.02	\$ (0.04)	\$ (0.12)
Shares used to calculate basic income (loss) per share.....	62,470	64,166	64,161	62,916	62,202	61,406	60,272	59,607	58,427
Shares used to calculate diluted income (loss) per share.....	67,352	68,878	70,133	68,327	67,638	66,845	65,531	59,607	58,427
Shares outstanding at end of period.....	61,850	63,944	65,168	63,710	62,556	62,646	60,899	60,851	60,192

(1) Stock-based compensation is allocated as follows:

Cost of billable services.....	\$ -	\$ -	\$ -	\$ 1	\$ 3	\$ 2	\$ 2	\$ 3	\$ 27
Cost of free services.....	-	-	-	-	-	-	-	-	-
Sales and marketing.....	83	-	-	3	5	5	7	9	694
Product development.....	-	-	-	1	1	2	2	611	283
General and administrative.....	394	-	-	9	19	20	25	33	1,194
Total stock - based compensation.....	\$ 477	\$ -	\$ -	\$ 14	\$ 28	\$ 29	\$ 36	\$ 656	\$ 2,198

UNITED ONLINE, INC.
Unaudited Condensed Consolidated Cash Flow Statements
(in thousands)

Three Months Ended	Mar 31, 2004	Dec 31, 2003	Sep 30, 2003	Jun 30, 2003	Mar 31, 2003	Dec 31, 2002	Sep 30, 2002	Jun 30, 2002	Mar 31, 2002
CASH FLOWS FROM OPERATING ACTIVITIES:									
Net income (loss):.....	\$ 12,361	\$ 24,425	\$ 8,902	\$ 14,594	\$ 6,962	\$ 4,711	\$ 1,525	\$ (2,679)	\$ (7,254)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:									
Depreciation, amortization and stock-based charges.....	6,039	5,545	5,531	5,932	6,801	6,881	8,053	9,392	11,810
Deferred taxes, tax benefits and other.....	7,291	(4,396)	6,384	(3,020)	586	318	279	802	3
Change in operating assets and liabilities (excluding the effects of acquisitions):									
Restricted cash.....	-	700	111	-	-	531	4,843	223	219
Accounts receivable.....	2,519	(1,310)	(335)	(490)	(618)	(1,203)	(521)	582	238
Other assets.....	1,917	(302)	(3,689)	1,514	(1,231)	641	(2,308)	3,885	933
Accounts payable and accrued liabilities.....	2,001	3,945	1,358	1,323	(240)	8,680	(3,254)	(2,943)	373
Deferred revenue.....	2,657	382	641	(286)	3,745	763	(465)	3,351	(2,686)
Net cash provided by (used for) operating activities.....	<u>34,785</u>	<u>28,989</u>	<u>18,903</u>	<u>19,567</u>	<u>16,005</u>	<u>21,322</u>	<u>8,152</u>	<u>12,613</u>	<u>3,636</u>
CASH FLOWS FROM INVESTING ACTIVITIES:									
Purchase of short-term investments.....	(38,405)	(44,308)	(30,674)	(5,079)	(13,626)	(7,575)	(19,243)	(50,439)	(11,982)
Proceeds from maturities of short-term investments.....	43,104	46,947	-	8,400	255	10,000	19,945	9,735	20,811
Cash paid for acquisitions, net of cash acquired.....	-	-	-	-	-	(7,327)	(1,000)	-	-
Proceeds from sale of cost-basis investment.....	-	-	-	750	-	-	-	-	-
Purchases of rights, patents and trademarks.....	(11)	-	-	-	-	-	-	-	-
Purchases of property and equipment.....	(1,005)	(3,482)	(1,593)	(1,326)	(2,024)	(2,156)	(477)	(594)	(435)
Proceeds from sales of assets, net.....	-	-	-	-	-	-	-	(351)	172
Net cash provided by (used for) investing activities.....	<u>3,683</u>	<u>(843)</u>	<u>(32,267)</u>	<u>2,745</u>	<u>(15,395)</u>	<u>(7,058)</u>	<u>(775)</u>	<u>(41,649)</u>	<u>8,566</u>
CASH FLOWS FROM FINANCING ACTIVITIES:									
Payments on notes payable and capital leases.....	-	(12)	(22)	(64)	(598)	(1,118)	(1,188)	(1,247)	(1,560)
Repayments of notes receivable.....	-	-	-	1,587	10	28	28	6	-
Proceeds from employee stock purchase plan.....	-	1,679	-	1,019	-	843	-	405	-
Common stock repurchases.....	(48,706)	(40,002)	-	(3,797)	(1,815)	-	(2,165)	(50)	(2,454)
Proceeds from exercises of stock options.....	914	951	8,020	3,018	255	2,636	1,053	1,699	1,231
Net cash provided by (used for) financing activities.....	<u>(47,792)</u>	<u>(37,384)</u>	<u>7,998</u>	<u>1,763</u>	<u>(2,148)</u>	<u>2,389</u>	<u>(2,272)</u>	<u>813</u>	<u>(2,783)</u>
Change in cash and cash equivalents.....	(9,324)	(9,238)	(5,366)	24,075	(1,538)	16,653	5,105	(28,223)	9,419
Cash and cash equivalents, beginning of period.....	71,234	80,472	85,838	61,763	63,301	46,648	41,543	69,766	60,347
Cash and cash equivalents, end of period.....	<u>\$ 61,910</u>	<u>\$ 71,234</u>	<u>\$ 80,472</u>	<u>\$ 85,838</u>	<u>\$ 61,763</u>	<u>\$ 63,301</u>	<u>\$ 46,648</u>	<u>\$ 41,543</u>	<u>\$ 69,766</u>

Adjusted net income (loss) is defined as net income (loss) before the after-tax effect of amortization of intangible assets, stock-based compensation, restructuring and merger-related costs, other income, and in the June 2003 quarter the tax benefit related to the recognition of a portion of the company's deferred tax assets. Management believes that adjusted net income (loss) provides investors with additional useful information to measure the company's financial performance, particularly from period to period, exclusive of certain non-cash expenses and other items which management believes are not reflective of the company's core operating results over time. Management also uses adjusted net income (loss) for these purposes. Adjusted net income (loss) is not determined in accordance with generally accepted accounting principles (GAAP) and should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP. Prior to June 2003, adjusted net income was called "pro forma net income." The terminology has been conformed for all historical periods presented in these schedules and has no impact on historical comparisons.

UNITED ONLINE, INC.

Reconciliation of Net Income (Loss) to Adjusted Net Income (Loss)
(in thousands, except per-share data)

	Three Months Ended Mar 31, 2004			Three Months Ended Dec 31, 2003			Three Months Ended Sep 30, 2003		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Revenues:									
Billable services.....	\$ 97,682	\$ -	\$ 97,682	\$ 87,993	\$ -	\$ 87,993	\$ 79,646	\$ -	\$ 79,646
Advertising and commerce.....	9,993	-	9,993	8,955	-	8,955	9,144	-	9,144
Total revenues.....	107,675	-	107,675	96,948	-	96,948	88,790	-	88,790
Operating expenses:									
Cost of billable services.....	25,580	-	25,580	23,285	-	23,285	22,897	-	22,897
Cost of free services.....	1,725	-	1,725	1,869	-	1,869	2,084	-	2,084
Sales and marketing.....	43,035	-	43,035	36,587	-	36,587	33,939	-	33,939
Product development.....	6,101	-	6,101	5,368	-	5,368	5,120	-	5,120
General and administrative.....	6,863	-	6,863	7,014	-	7,014	7,008	-	7,008
Stock-based compensation.....	477	(477) (a)	-	-	-	-	-	-	-
Amortization of intangible assets.....	3,964	(3,964) (b)	-	3,964	(3,964) (a)	-	3,964	(3,964) (a)	-
Restructuring charges.....	-	-	-	-	-	-	-	-	-
Total operating expenses.....	87,745	(4,441)	83,304	78,087	(3,964)	74,123	75,012	(3,964)	71,048
Operating income (loss).....	19,930	4,441	24,371	18,861	3,964	22,825	13,778	3,964	17,742
Interest / Other income, net.....	1,206	-	1,206	1,224	-	1,224	1,183	-	1,183
Income (loss) before income taxes.....	21,136	4,441	25,577	20,085	3,964	24,049	14,961	3,964	18,925
Provision (benefit) for income taxes.....	8,775	1,609 (c)	10,384	(4,340)	13,883 (b)	9,543	6,059	1,605 (b)	7,664
Net income (loss).....	\$ 12,361	\$ 2,832	\$ 15,193	\$ 24,425	\$ (9,919)	\$ 14,506	\$ 8,902	\$ 2,359	\$ 11,261
Basic net income (loss) per share.....	\$ 0.20		\$ 0.24	\$ 0.38		\$ 0.23	\$ 0.14		\$ 0.18
Diluted net income (loss) per share.....	\$ 0.18		\$ 0.23	\$ 0.35		\$ 0.21	\$ 0.13		\$ 0.16
Shares used to calculate basic income (loss) per share.....	62,470		62,470	64,166		64,166	64,161		64,161
Shares used to calculate diluted income (loss) per share.....	67,352		67,352	68,878		68,878	70,133		70,133
Shares outstanding at end of period.....	61,850		61,850	63,944		63,944	65,168		65,168

(a) Elimination of stock-based compensation.

(b) Elimination of amortization of intangible assets.

(c) Income tax effect of adjusting entries.

(a) Elimination of amortization of intangible assets.

(b) Elimination of benefit recognized for deferred tax assets and income tax effect of adjusting entries.

(a) Elimination of amortization of intangible assets.

(b) Income tax effect of adjusting entries.

UNITED ONLINE, INC.

Reconciliation of Net Income (Loss) to Adjusted Net Income (Loss)
(in thousands, except per-share data)

	Three Months Ended Jun 30, 2003			Three Months Ended Mar 31, 2003			Three Months Ended Dec 31, 2002		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Revenues:									
Billable services.....	\$ 72,412	\$ -	\$ 72,412	\$ 66,035	\$ -	\$ 66,035	\$ 58,149	\$ -	\$ 58,149
Advertising and commerce.....	7,196	-	7,196	7,784	-	7,784	7,651	-	7,651
Total revenues.....	79,608	-	79,608	73,819	-	73,819	65,800	-	65,800
Operating expenses:									
Cost of billable services.....	23,010	-	23,010	23,589	(37) (a)	23,552	21,988	(36) (a)	21,952
Cost of free services.....	2,572	-	2,572	3,134	-	3,134	3,161	-	3,161
Sales and marketing.....	26,467	-	26,467	23,618	(26) (a)	23,592	19,858	(33) (a)	19,825
Product development.....	5,428	-	5,428	5,963	(265) (a)	5,698	5,738	(207) (a)	5,531
General and administrative.....	7,930	-	7,930	7,107	(106) (a)	7,001	7,067	(70) (a)	6,997
Stock-based compensation.....	14	(14) (a)	-	28	(28) (b)	-	29	(29) (b)	-
Amortization of intangible assets.....	3,964	(3,964) (b)	-	3,964	(3,964) (c)	-	3,798	(3,798) (c)	-
Restructuring charges.....	-	-	-	(215)	215 (d)	-	-	-	-
Total operating expenses.....	69,385	(3,978)	65,407	67,188	(4,211)	62,977	61,639	(4,173)	57,466
Operating income (loss).....	10,223	3,978	14,201	6,631	4,211	10,842	4,161	4,173	8,334
Interest / Other income, net.....	1,124	-	1,124	1,105	-	1,105	1,073	-	1,073
Income (loss) before income taxes.....	11,347	3,978	15,325	7,736	4,211	11,947	5,234	4,173	9,407
Provision (benefit) for income taxes.....	(3,247)	4,384 (c)	1,137	774	72 (e)	846	523	68 (d)	591
Net income (loss).....	\$ 14,594	\$ (406)	\$ 14,188	\$ 6,962	\$ 4,139	\$ 11,101	\$ 4,711	\$ 4,105	\$ 8,816
Basic net income (loss) per share.....	\$ 0.23		\$ 0.23	\$ 0.11		\$ 0.18	\$ 0.08		\$ 0.14
Diluted net income (loss) per share.....	\$ 0.21		\$ 0.21	\$ 0.10		\$ 0.16	\$ 0.07		\$ 0.13
Shares used to calculate basic income (loss) per share.....	62,916		62,916	62,202		62,202	61,406		61,406
Shares used to calculate diluted income (loss) per share.....	68,327		68,327	67,638		67,638	66,845		66,845
Shares outstanding at end of period.....	63,710		63,710	62,556		62,556	62,646		62,646

(a) Elimination of stock-based compensation.

(b) Elimination of amortization of intangible assets.

(c) Elimination of benefit recognized for deferred tax assets and income tax effect of adjusting entries.

(a) Elimination of amortization of merger-related charges of \$434.

(b) Elimination of stock-based compensation

(c) Elimination of amortization of intangible assets.

(d) Elimination of restructuring charges.

(a) Elimination of amortization of merger-related charges of \$346.

(b) Elimination of stock-based compensation

(c) Elimination of amortization of intangible assets.

(d) Income tax effect of adjusting entries.

UNITED ONLINE, INC.

Reconciliation of Net Income (Loss) to Adjusted Net Income (Loss)
(in thousands, except per-share data)

	Three Months Ended Sep 30, 2002			Three Months Ended Jun 30, 2002			Three Months Ended Mar 31, 2002		
	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted	Reported	Adjustments	Adjusted
Revenues:									
Billable services.....	\$ 51,194	\$ -	\$ 51,194	\$ 47,888	\$ -	\$ 47,888	\$ 44,419	\$ -	\$ 44,419
Advertising and commerce.....	6,874	-	6,874	6,561	-	6,561	6,492	-	6,492
Total revenues.....	58,068	-	58,068	54,449	-	54,449	50,911	-	50,911
Operating expenses:									
Cost of billable services.....	20,698	(37) (a)	20,661	20,609	(38) (a)	20,571	22,046	(35) (a)	22,011
Cost of free services.....	3,736	-	3,736	4,365	-	4,365	6,786	-	6,786
Sales and marketing.....	16,660	(34) (a)	16,626	14,635	(30) (a)	14,605	10,884	(40) (a)	10,844
Product development.....	5,919	(145) (a)	5,774	5,709	(203) (a)	5,506	6,095	(175) (a)	5,920
General and administrative.....	5,628	(31) (a)	5,597	6,400	(14) (a)	6,386	5,931	(50) (a)	5,881
Stock-based compensation.....	36	(36) (b)	-	656	(656) (b)	-	2,198	(2,198) (b)	-
Amortization of intangible assets.....	4,685	(4,685) (c)	-	4,685	(4,685) (c)	-	4,685	(4,685) (c)	-
Restructuring charges.....	-	-	-	1,113	(1,113) (d)	-	680	(680) (d)	-
Total operating expenses.....	57,362	(4,968)	52,394	58,172	(6,739)	51,433	59,305	(7,863)	51,442
Operating income (loss).....	706	4,968	5,674	(3,723)	6,739	3,016	(8,394)	7,863	(531)
Interest / Other income, net.....	988	-	988	1,044	-	1,044	1,140	(58)	1,082
Income (loss) before income taxes.....	1,694	4,968	6,662	(2,679)	6,739	4,060	(7,254)	7,805	551
Provision (benefit) for income taxes.....	169	-	169	-	-	-	-	-	-
Net income (loss).....	\$ 1,525	\$ 4,968	\$ 6,493	\$ (2,679)	\$ 6,739	\$ 4,060	\$ (7,254)	\$ 7,805	\$ 551
Basic net income (loss) per share.....	\$ 0.03		\$ 0.11	\$ (0.04)		\$ 0.07	\$ (0.12)		\$ -
Diluted net income (loss) per share.....	\$ 0.02		\$ 0.10	\$ (0.04)		\$ 0.07	\$ (0.12)		\$ -
Shares used to calculate basic income (loss) per share.....	60,272		60,272	59,607		59,607	58,427		58,427
Shares used to calculate diluted income (loss) per share.....	65,531		65,531	59,607		59,607	58,427		58,427
Shares outstanding at end of period.....	60,899		60,899	60,851		60,851	60,192		60,192

(a) Elimination of amortization of merger-related charges of \$247.

(b) Elimination of stock-based compensation

(c) Elimination of amortization of intangible assets.

(a) Elimination of amortization of merger-related charges of \$285.

(b) Elimination of stock-based compensation

(c) Elimination of amortization of intangible assets.

(a) Elimination of amortization of merger-related charges of \$300.

(b) Elimination of stock-based compensation

(c) Elimination of amortization of intangible assets.

(d) Elimination of restructuring charges.

Adjusted operating income (loss) before depreciation and amortization is defined as operating income (loss) before depreciation, amortization, stock-based compensation and restructuring and merger-related costs. Management believes that because operating income (loss) before depreciation and amortization and adjusted operating income (loss) before depreciation and amortization exclude certain items that either do not impact the company's cash flows or which management believes are not reflective of the company's core operating results over time, these measures provide investors with additional useful information to measure the company's performance, particularly with respect to changes in performance from period to period, and to assess the company's ability to make capital expenditures, fund working capital requirements, incur and repay indebtedness, and fund strategic initiatives. Management also uses operating income (loss) before depreciation and amortization and adjusted operating income (loss) before depreciation and amortization for these purposes, as well as to assess performance for incentive compensation purposes and to allocate resources in managing the company's business. Operating income (loss) before depreciation and amortization and adjusted operating income (loss) before depreciation and amortization are not determined in accordance with generally accepted accounting principles (GAAP) and should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP. Prior to June 2003, adjusted operating income before depreciation and amortization was called "pro forma EBITDA." The terminology has been conformed for all historical periods presented in these schedules and has no impact on historical comparisons.

UNITED ONLINE, INC.

**Reconciliation of Adjusted Operating Income (loss) Before Depreciation and Amortization
(in thousands)**

Three Months Ended	<u>Mar 31, 2004</u>	<u>Dec 31, 2003</u>	<u>Sep 30, 2003</u>	<u>Jun 30, 2003</u>	<u>Mar 31, 2003</u>	<u>Dec 31, 2002</u>	<u>Sep 30, 2002</u>	<u>Jun 30, 2002</u>	<u>Mar 31, 2002</u>
Operating income (loss).....	\$ 19,930	\$ 18,861	\$ 13,778	\$ 10,223	\$ 6,631	\$ 4,161	\$ 706	\$ (3,723)	\$ (8,394)
Depreciation.....	1,598	1,581	1,567	1,954	2,809	3,054	3,332	4,051	4,927
Amortization.....	3,964	3,964	3,964	3,964	3,964	3,798	4,685	4,685	4,685
Operating income (loss) before depreciation and amortization.....	<u>25,492</u>	<u>24,406</u>	<u>19,309</u>	<u>16,141</u>	<u>13,404</u>	<u>11,013</u>	<u>8,723</u>	<u>5,013</u>	<u>1,218</u>
Stock-based charges.....	477	-	-	14	28	29	36	656	2,198
Restructuring and merger-related charges.....	-	-	-	-	219	346	247	1,398	980
Adjusted operating income (loss) before depreciation and amortization.....	<u>\$ 25,969</u>	<u>\$ 24,406</u>	<u>\$ 19,309</u>	<u>\$ 16,155</u>	<u>\$ 13,651</u>	<u>\$ 11,388</u>	<u>\$ 9,006</u>	<u>\$ 7,067</u>	<u>\$ 4,396</u>
Adjusted operating income (loss) before depreciation and amortization as a percent of total revenues.....	24.1%	25.2%	21.7%	20.3%	18.5%	17.3%	15.5%	13.0%	8.6%

Following are reconciliations of cash flow from operations, calculated in accordance with generally accepted accounting principles (GAAP), to free cash flow. Free cash flow is defined as net cash provided by operating activities before cash paid for restructuring and merger-related costs, less capital expenditures. 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 excludes the cash impact of items which management believes are not reflective of the company's core operating results over time. This measure is used by management, and may also be useful for investors, to assess the company's ability to generate cash flow for a variety of strategic opportunities, including reinvestment in the business, effecting potential acquisitions, strengthening the balance sheet, and effecting 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.

UNITED ONLINE, INC.

Reconciliation of Free Cash Flow:
(in thousands)

Three Months Ended	Mar 31, 2004	Dec 31, 2003	Sep 30, 2003	Jun 30, 2003	Mar 31, 2003	Dec 31, 2002	Sep 30, 2002	Jun 30, 2002	Mar 31, 2002
Net cash provided by (used for) operating activities.....	\$ 34,785	\$ 28,989	\$ 18,903	\$ 19,567	\$ 16,005	\$ 21,322	\$ 8,152	\$ 12,613	\$ 3,636
Add (deduct):									
Cash paid for restructuring and merger-related charges.....	-	-	-	-	1,915	-	44	224	575
Capital expenditures.....	(1,005)	(3,482)	(1,593)	(1,326)	(2,024)	(2,156)	(477)	(594)	(435)
Free cash flow.....	<u>\$ 33,780</u>	<u>\$ 25,507</u>	<u>\$ 17,310</u>	<u>\$ 18,241</u>	<u>\$ 15,896</u>	<u>\$ 19,166</u>	<u>\$ 7,719</u>	<u>\$ 12,243</u>	<u>\$ 3,776</u>

Tax-equivalent net income and earnings per share (EPS) and Tax-equivalent adjusted net income (and adjusted EPS) are defined as net income (and EPS) and adjusted net income (and adjusted EPS) calculated using an effective income tax rate of approximately 40%. Beginning in the September 2003 quarter, the company's effective income tax rate increased to approximately 40% versus the tax provision (benefit) reported in the periods presented. The increase in the company's effective rate affects the comparability of the company's net income (and EPS) and adjusted net income (and adjusted EPS) between periods. Management believes that tax-equivalent net income (and EPS) and tax-equivalent adjusted net income (and adjusted EPS) provide investors with additional useful information to measure the company's financial performance from period to period, using the company's current effective tax rate of approximately 40%, which more closely resembles federal and state statutory tax rates. These tax-equivalent measures are not determined in accordance with generally accepted accounting principles (GAAP) and should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP.

UNITED ONLINE, INC.

Reconciliation of Reported Net Income (and EPS) to Tax-Equivalent Net Income (and EPS)
(in thousands, except per share amounts)

Three Months Ended	March 31, 2004		December 31, 2003		September 30, 2003		June 30, 2003		March 31, 2003		December 31, 2002		September 30, 2002	
	Amount	Per Share	Amount	Per Share	Amount	Per Share (b)	Amount	Per Share (b)	Amount	Per Share (b)	Amount	Per Share (b)	Amount	Per Share (b)
Reported net income.....	\$ 12,361	\$ 0.18	\$ 24,425	\$ 0.35	\$ 8,902	\$ 0.13	\$ 14,594	\$ 0.21	\$ 6,962	\$ 0.10	\$ 4,711	\$ 0.07	\$ 1,525	\$ 0.02
Add (deduct):														
Reported tax provision (benefit).....	-	-	(4,340)	(0.06)	-	-	(3,247)	(0.05)	774	0.01	523	0.01	169	0.00
(Deduct):														
Equivalent tax provision.....	-	-	(7,954) (a)	(0.12)	-	-	(4,596) (a)	(0.07)	(3,210) (a)	(0.05)	(2,094) (a)	(0.03)	(686) (a)	(0.01)
Tax-equivalent net income.....	\$ 12,361	\$ 0.18	\$ 12,131	\$ 0.18	\$ 8,902	\$ 0.13	\$ 6,751	\$ 0.10	\$ 4,526	\$ 0.06	\$ 3,140	\$ 0.05	\$ 1,008	\$ 0.02

UNITED ONLINE, INC.

Reconciliation of Adjusted Net Income (and adjusted EPS) to Tax-Equivalent Adjusted Net Income (and adjusted EPS)
(in thousands, except per share amounts)

Three Months Ended	March 31, 2004		December 31, 2003		September 30, 2003		June 30, 2003		March 31, 2003		December 31, 2002		September 30, 2002	
	Amount	Per Share	Amount	Per Share	Amount	Per Share (b)	Amount	Per Share (b)	Amount	Per Share (b)	Amount	Per Share (b)	Amount	Per Share (b)
Adjusted net income.....	\$ 15,193	\$ 0.23	\$ 14,506	\$ 0.21	\$ 11,261	\$ 0.16	\$ 14,188	\$ 0.21	\$ 11,101	\$ 0.16	\$ 8,816	\$ 0.13	\$ 6,493	\$ 0.10
Add:														
Adjusted tax provision.....	-	-	-	-	-	-	1,137	\$ 0.02	846	\$ 0.01	591	\$ 0.01	169	0.00
(Deduct):														
Adjusted equivalent tax provision.....	-	-	-	-	-	-	(6,207) (a)	\$ (0.09)	(4,850) (a)	\$ (0.07)	(3,775) (a)	\$ (0.06)	(2,698) (a)	(0.04)
Tax-equivalent adjusted net income.....	\$ 15,193	\$ 0.23	\$ 14,506	\$ 0.21	\$ 11,261	\$ 0.16	\$ 9,118	\$ 0.13	\$ 7,097	\$ 0.10	\$ 5,632	\$ 0.08	\$ 3,964	\$ 0.06

(a) The equivalent tax provision is calculated using an effective rate of approximately 40% in all periods.

(b) The per share amounts have been adjusted to reflect the company's 3 for 2 stock split that was effected on October 31, 2003.

UNITED ONLINE, INC.

Selected Historical Key Metrics

(in thousands, except per share amounts, number of employees and where noted)

	<u>Mar 31, 2004</u>	<u>Dec 31, 2003</u>	<u>Sep 30, 2003</u>	<u>Jun 30, 2003</u>	<u>Mar 31, 2003</u>	<u>Dec 31, 2002</u>	<u>Sep 30, 2002</u>	<u>Jun 30, 2002</u>	<u>Mar 31, 2002</u>
Billable subscribers.....	3,095	2,892	2,720	2,547	2,405	2,176	1,848	1,707	1,598
Active users (in millions).....	5.4	5.3	5.2	5.2	5.2	5.0	4.8	4.8	5.2
Number of employees at end of period.....	504	499	487	461	447	444	420	420	430
Annualized revenue per average number of employees.....	\$ 859	\$ 787	\$ 749	\$ 701	\$ 663	\$ 609	\$ 553	\$ 512	\$ 461

UNITED ONLINE, INC.

Analysis of Revenue Generating Units (a)

(in thousands)

	<u>Mar 31, 2004</u>	<u>Dec. 31, 2003</u>	<u>Sep. 30, 2003</u>	<u>Jun. 30, 2003</u>	<u>Mar. 31, 2003</u>	<u>Dec. 31, 2002</u>	<u>Sep 30, 2002</u>	<u>Jun 30, 2002</u>	<u>Mar 31, 2002</u>
Internet access.....	3,083	2,890	2,720	2,547	2,405	2,176	1,848	1,707	1,598
Accelerated dial-up.....	896	638	412	210	22	-	-	-	-
Other.....	28	7	-	-	-	-	-	-	-
Total revenue generating units.....	<u>4,007</u>	<u>3,535</u>	<u>3,132</u>	<u>2,757</u>	<u>2,427</u>	<u>2,176</u>	<u>1,848</u>	<u>1,707</u>	<u>1,598</u>
Total pay subscribers (b).....	3,095	2,892	2,720	2,547	2,405	2,176	1,848	1,707	1,598
Add-on subscription penetration (c).....	29%	22%	15%	8%	1%	0%	0%	0%	0%

(a) A revenue generating unit (RGU) represents a unique subscription to any individual pay service offered by the company. Internet access, accelerated dial-up and premium email subscriptions represent separate RGUs. For example, a subscriber to the company's accelerated dial-up access service who also subscribes to a premium email service is counted as three subscriptions (one for Internet access, one for accelerated dial-up and one for premium email). The company currently offers its accelerated dial-up service bundled with standard Internet access only.

(b) Includes Internet access subscribers and other non-access pay subscribers.

(c) Percentage of multiple pay relationships to total pay subscribers.