

Maximizing success with XING.



**XING** 

Annual Report 2009





Contacts can help you get ahead. Good contacts can help you get even further ahead. In the past, certain things were reserved for elite circles, but now they're available to everyone thanks to both the Internet and of course XING, the online network for professional contacts. More than 8.75 million business professionals use XING - the global business network - in 16 languages to do business and promote their career. XING makes networking and professional contact management simple, with made-to-measure networking functions and services. XING also hosts more than 34,000 expert groups, over 150,000 global networking events organized by members, and XING Jobs - a portal with job vacancy posts that also helps to generate genuine added value through business contacts. [XING. Powering Relationships.](#)

Key Figures		2009	2008	2007
Turnover	in € million	45.1	35.3	19.6
EBITDA	in € million	11.8	12.2	6.9
EBITDA-Margin	in %	26	34	35
Net result	in € million	(1.7)	7.3	5.6
Cashflow from operating activities	in € million	14.1	17.7	8.9
Cashflow from operating activities	€/share	2,67	3.41	1.70
Earnings per share (diluted)	in €	(0.33)	1.41	1.07
Equity	in € million	52.6	52.3	46.0
Members	in millions	8.75	7.00	4.83
thereof Premium Members	in thousands	687	550	362
Contacts	in millions	172	124	76
Employees		265	174	109

# Maximizing success with XING.

For more than six years, XING has endeavored to help its members improve and expand their professional lives, to turn economic challenges into advantage, to grasp new opportunities, and to stimulate and enable communication across geographical borders. XING offers its members countless opportunities to make contact and communicate with companies, existing and potential clients, as well as future employees and colleagues. Each new contact has the potential to open up new sales channels, create new career opportunities, stimulate new ideas, and extend a member's personal network. XING's success is based directly on the success and positive experiences of its customers. With an undiminished enthusiasm for new ideas, and a fine sensibility for what our members need to ensure long-term professional success, XING continues the success story that began in 2003.

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## Dear Shareholders, Business Partners, Members, Ladies and Gentlemen,

The 2009 financial year was highly eventful and heralded a number of improvements, innovations and successes. In many ways it was a very special year for XING AG as we managed to reach a number of key milestones, which is why I, the CEO at XING AG, am happy to report on the developments and events that have taken place in the last twelve months.

In light of the tough economic conditions during this period, we are satisfied with the results of 2009 having increased revenue from €35 million to more than €45 million. At the same time, despite significant investment largely in the form of qualified staff recruitment, the operative result (EBITDA) remained steady at €11.8 million and therefore comparable to that of the previous year (€12.2 million). At the end of December, XING had 8.75 million members worldwide, an increase of 25 percent on the previous year. One in five people living in the major business centers in Germany are registered on XING, which equates to more than 3.74 million members. This figure shows that we also succeeded in expanding our competitive position on the domestic German market.

We are very proud of these results as they reflect our productive and successful teamwork as well as overall customer satisfaction. Together with my fellow board members and employees, we defined XING's future strategy at the start of 2009. As part of a quality drive backed up by far greater investment than the previous year, we stepped up the speed of our innovations by adding a number of highly qualified specialists to our team, by introducing more streamline processes, and focusing our development resources. Since then we have been able to provide our members with new functions and services at a faster rate, such as linking

**Dr. Stefan Groß-Selbeck**

» We're very happy with the results and will continue to focus our work on the needs of the customer. Our aim is to turn XING into a tool used every day by professionals and companies which helps them to do their job even better. We will increase investment in order to develop our platform and teams even further so as to position XING as a driving force on the market. «



events to Twitter or the "Members you may know" function, which has proven highly popular among XING members. But above all this, our quality campaign for major new products and services has really paid off with innovations such as Company Profiles, OpenSocial, the Recruiter Membership, a XING-BlackBerry app, customized job ads and improved navigation.

#### New sources of revenue generate additional potential for growth

Particular emphasis was placed on hiring qualified employees, particularly in the Product and Engineering units, as well as on focusing resources in order to develop new sources of revenue and increase innovation development speed. Based on this, during Q4 of FY 2009 we launched three new services, which, along with our previous sources of revenue, are aimed at making a significant contribution towards boosting revenue and profit over the next few years.

Our development work in this regard has largely focused on the e-Recruiting market as XING offers a number of benefits compared to conventional job centers and other existing online job portals. With XING, companies can offer jobs to candidates who aren't actively looking for a new position, but may still be open to offers to further their career. In order to make it easier for recruiters and HR managers to find such qualified professionals when looking to fill vacancies, we launched a Recruiter Membership in October 2009 which offers a small but very important target group a range of additional features to make it easier for recruiters to find the right people. We also expanded our offering for HR professionals and decision-makers by making XING even more appealing to work with and even more efficient when searching for potential candidates.

After launching the Recruiter Membership, in November we introduced a number of other price models and customizing options when it comes to posting job vacancies. As a result of this, job ads can be posted on XING together with a company logo and customized design. Also, for the first time, HR decision-makers now have the opportunity to select online whether they want to post their job ads on XING at a competitive fixed price or flexible per-click price. The new recruiting offers are no longer just marketed online, but also via offline channels by the newly create XING AG Sales Team. This means that XING can now offer its B2B customers all conventional e-Recruiting formats so they can easily yet professionally post their job ads. This was a major step for us since our conventional e-Recruiting offers and price models, when linked to the benefits of Web 2.0, give us a clear edge over other online recruiting sites with members also standing to benefit highly from this move.

Our new business models within the e-Recruiting segment have provided us with an excellent springboard to position XING as a key recruiting channel. In Q4 2009 we also succeeded in setting up a third source of revenue in the form of XING Company Profiles where companies, associations and organizations are now able to boost their image by appearing on the European online network for business contacts. Alongside this, they can professionally showcase themselves to the active XING community while engaging in direct dialog with customers and potential customers. Not only this, they can also improve their own brand

recognition and get connected to the more than 8.75 million members on the XING platform. Leading companies such as Deutsche Telekom, Bertelsmann, Continental, Hubert Burda Media, Gruner + Jahr, Lufthansa and Accenture have already taken advantage of this opportunity and created their very own Company Profile on XING. SMEs are making particularly good use of this exclusive opportunity to position themselves among a highly appealing target group combined with all the benefits that Web 2.0 has to offer.

XING AG has rung in a plethora of changes over the course of the previous financial year. While we only concentrated on the B2C business in the past, we are now catering to (B2B) needs with new offers in the e-Recruiting segment. In order to offer professional service and cater to the latest customer needs in this area, in 2009 we invested heavily in this new business segment as we are convinced that we can tap into huge market potential that will become a major source of income at XING alongside paid membership.

#### Changes to the Executive Board

After I took up my post as CEO at XING AG on January 15, we appointed Michael Otto as the new Chief Technology Officer (CTO) following our acquisition of epublica GmbH. As one of the Managing Directors at epublica GmbH, Michael Otto already had long-standing ties with XING. His technical knowledge and commitment have already made a major contribution to XING's development as a company. In July we expanded our Executive Board even further by appointing Ingo Chu as Chief Financial Officer (CFO). Ingo Chu has vast experience in various e-commerce and media sectors within the Bertelsmann Group, and XING will benefit from this going forwards. Prior to joining XING, Ingo Chu was CFO at RTL Shop GmbH in Hanover. Not only did we achieve operative progress during the third quarter of the year, in September we completed our Executive Board with the addition of Dr. Helmut Becker as Chief Commercial Officer (CCO). Prior to joining XING he was Managing Director at eBay Advertising AG, before which he was Managing Director at the eBay subsidiary Shopping.com Deutschland. On February 12, 2010, we announced that Burkhard Blum, a member of the Executive Board here at XING AG, was to leave the company in order to pursue new entrepreneurial challenges. I would like to take this opportunity to thank Burkhard Blum for the excellent work he has done for XING and his constructive performance within the company. He was a key figure in terms of developing and successfully realizing the growth strategy here at XING AG.

#### Burda Digital New Major Shareholder at XING AG

Burda Digital became the new major shareholder at XING AG, a fact that is probably the most important event that took place during the previous financial year in terms of the capital market. After XING founder Lars Hinrichs announced that he was to step down from the Executive Board at the end of 2008, and following my appointment as CEO by the XING AG Supervisory Board, the Burda Group was welcomed as our new major shareholder in November 2009. The Burda Group is a leading European media group boasting

seasoned investors with many years of Internet expertise who have been continually and successfully investing in digital business for more than ten years. And this is why we're really looking forward to working with Burda with whom we share major potential for sustainable and profitable growth.

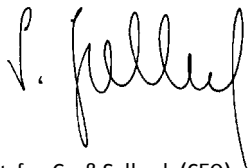
#### Clear Strategy for the Future

Once we boosted our innovation speed by increasing our level of professionalism and optimizing both processes and the team, we then invested this innovation speed in new services and functions in order to systematically improve the attractiveness of the platform for existing and potential customers and to develop additional sources of income. To this end, increasing user value for every single member was top priority with more than 172 million single connections showing just how well our community is connected to one another. We will continue to boost these relations and intensify connections and communication between members. Our community's extraordinary activity is a key success factor for XING and indication of the fact that members use the platform as their favorite business network to shape their professional challenges. Especially on the company's domestic market in Germany, we are a market leader in terms of member loyalty and recognition as could be seen by the results of the forsa survey conducted among 1,000 managers in Germany in January 2010. Here, XING's dominance over other business networks came to the fore with 21 percent of those surveyed immediately naming XING when asked to give the name of a business network and only three percent naming the next competitor in line.

XING promotes business relations based on trust, and it is this trust and loyalty that we want to foster and build on during the next financial year by increasing the relevance of XING for its members even further. You can also help to sustainably position XING as a driving force on the business networking market.

We look forward to another successful financial year with you.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Groß-Selbeck', written in a cursive style.

Stefan Groß-Selbeck (CEO)



## EXECUTIVE BOARD



**Dr. Stefan Gross-Selbeck**

[https://www.xing.com/profile/Stefan\\_GrossSelbeck](https://www.xing.com/profile/Stefan_GrossSelbeck)

**Chief Executive Officer (CEO) – since January 15, 2009**

Stefan Groß-Selbeck was appointed Chief Executive Officer (CEO) on January 15, 2009, and is responsible for the Corporate Communications, International Markets and Human Resources divisions. In February 2010 he also assumed responsibility for the Corporate & Market Development division.



**Dr. Helmut Becker**

[https://www.xing.com/profile/Helmut\\_Becker5](https://www.xing.com/profile/Helmut_Becker5)

**Chief Commercial Officer (CCO) – since September 15, 2009**

Dr. Helmut Becker was appointed to the Executive Board on September 15, 2009. As Chief Commercial Officer (CCO) he is responsible for the Marketing, Sales, Jobs & Recruiting, Advertising, Subscriptions, Company Profiles and Customer Care divisions. At the end of February 2010 he also assumed responsibility for the Product division.



**Burkhard Blum**

[https://www.xing.com/profile/Burkhard\\_Blum](https://www.xing.com/profile/Burkhard_Blum)

**Chief Operating Officer (COO) – until the end of February 2010**

Until his departure from XING as Chief Operating Officer (COO) in February 2010, Burkhard Blum was responsible for the Legal, Mergers & Acquisitions, Project Management and Corporate & Market Development divisions.



**Ingo Chu**

[https://www.xing.com/profile/Ingo\\_Chu](https://www.xing.com/profile/Ingo_Chu)

**Chief Financial Officer (CFO) – since July 1, 2009**

Ingo Chu was appointed as Chief Financial Officer (CFO) on July 1, 2009, and is responsible for the Finance, Controlling, Legal Affairs, Business Intelligence and Investor Relations divisions. At the end of February 2010 he also assumed responsibility for the Mergers & Acquisitions and Legal divisions.



**Michael Otto**

[https://www.xing.com/profile/Michael\\_Otto](https://www.xing.com/profile/Michael_Otto)

**Chief Technical Officer (CTO) – since February 6, 2009**

The Supervisory Board appointed Michael Otto to the Executive Board on February 6, 2009. As Chief Technical Officer (CTO) he is responsible for the Operations division as well as the Rails and Perl teams. At the end of February he also assumed responsibility for the Project Management division.



## SUPERVISORY BOARD



**Dr. Neil V. Sunderland**

[https://www.xing.com/profile/Neil\\_Sunderland](https://www.xing.com/profile/Neil_Sunderland)

**Chairman**

**Zumikon, Switzerland**

In his role as Chairman and member of the Supervisory Board, Dr. Neil Sunderland has supported the development of a number of private and public companies in Switzerland, Germany, the UK, the US, and Australia. He currently supports growth companies on the Internet, media convergence, and e-commerce.



**Dr. Eric Archambeau**

[https://www.xing.com/profile/Eric\\_Archambeau](https://www.xing.com/profile/Eric_Archambeau)

**Vice Chairman**

**Brussels, Belgium**

Dr. Eric Archambeau has set up a number of companies such as the Internet firms Right Software, Trading Dynamics and EGroups. He is also General Partner at venture capital firm Wellington Partners.



**Lars Hinrichs**

[https://www.xing.com/profile/Lars\\_Hinrichs](https://www.xing.com/profile/Lars_Hinrichs)

**Supervisory Board – until January 14, 2010**

**Hamburg, Germany**

XING founder and CEO until January 15, 2009. Lars Hinrichs stepped down as Chairman of the Executive Board on January 15, 2009, and was appointed to the Supervisory Board by the Hamburg Court of Registry (Registergericht) on February 16, 2009. He held this position until December 2009.



**Fritz Oidtmann**


[https://www.xing.com/profile/Fritz\\_Oidtmann](https://www.xing.com/profile/Fritz_Oidtmann)

**Supervisory Board – since January 18, 2010**

**Bonn, Germany**

Fritz Oidtmann is Managing Director at Burda Digital Commerce GmbH and CHIP Holding GmbH. At the same time he is also spokesman for the Executive Board at Cyberport GmbH and computeruniverse.net GmbH. Previously, he was a founding partner and Executive Board member at OnVista, and prior to that he worked at McKinsey & Company for 12 years.

# Achieving economic success faster than ever

A man with short brown hair and glasses is smiling warmly at the camera. He is wearing a grey cardigan over a blue and white checkered shirt. He is sitting at a desk, with his hands on a white laptop keyboard. A white mouse is visible on the desk in front of him. The background is a plain, light-colored wall.

XING spoke to **Hans Dorsch** from Cologne about how he uses the XING platform in his daily work.



XING is an invaluable resource for freelance professionals because it helps them greatly reduce the time spent generating new business, and thus increases their productivity. Before freelancers get to tackle their actual everyday work, they first have to overcome several obstacles. XING helps them to directly contact relevant business partners, effectively communicate with existing and potential clients, and invest cost-effectively in advertising themselves, their expertise and client portfolio on the platform. Especially when conditions in the marketplace are less than favorable the task of generating new business represents a major challenge. At such times freelancers benefit from viral word-of-mouth marketing through XING, helping them not only to make new business contacts but also to maintain existing customer relationships and to draw attention to their profiles. Equipped with a good network of contacts, freelancers can discuss projects and obtain additional help when required, for example if they need to meet several deadlines at once. XING supports freelancers' independent way of working and offers them new opportunities to expand their business network and develop both professionally and personally.

**Mr. Dorsch, you've been successfully working as a copywriter for several years. In what ways does XING help you in your work?**

**Hans Dorsch:** XING is basically my professional address book. Whenever I meet someone new or get their business card, the first thing I do is check if they are on XING. If they are, I make contact with them there and seal the relationship. I've noticed that most people – a lot of business contacts – are on XING by now. XING also acts as a personal website that I can refer people to. If somebody asks me for my address information or website, I just tell them to check on XING.

**Do you also specifically use XING to generate new business or to keep in touch with existing clients? How do you go about attracting new clients – for example, do you use XING in combination with offline meetings?**

**Hans Dorsch:** I don't actively seek out new business, but rather let people find me, though I have to say my wife is better than I am at that (laughs). I use the 'Wants' and 'Haves' sections of my profile to say what I offer and what I'm looking for. I then receive inquiries based on that. For example, I'm also a writer and have just received an inquiry from a publisher about a topic that I included in my XING profile. So, it's worthwhile keeping your profile up to date!

**Do you also cultivate your network in order to receive recommendations?**

**Hans Dorsch:** I've just started doing that. XING recently added the References function, which I like. I still don't use it enough, but it's something that I could have done with for a long time. I don't use XING to look for clients of my own. But I do use it to find business partners or specialists, such as programmers, who can do something for me. If I have a project where, for example, a website requires a special system to be programmed, then I'll look for the right person to do that.



**Their profile information would be very important, then.**

**Hans Dorsch:** Exactly, but what's really important for me are the connections, whether I know somebody who knows that person. Another thing is that we want to change the name of our business. My wife's last name is Steeb, and she'd like to do a lot more under her own name. So XING is a great place to put out that kind of news: a new name, maybe even new telephone numbers. Because of its networking functions XING is the perfect location to announce those kinds of changes. Everyone in our networks can see if the name or positioning of our business has changed.

**» On XING I find service providers who can do something for me «**

**Do you specifically use this way of approaching people? Do you then introduce yourself?**

**Hans Dorsch:** Yes, I do. First I look at the connections and if I see "Ah, this person is connected to someone from my network", then I'll ask my contact what they think of that person and what kind of projects they've worked on together.

**Second-level contacts have a lot of potential.**

**Hans Dorsch:** Absolutely! One nice side-effect of that approach is that it gives you an opportunity to get back in touch with your own contact. I'm not really the kind of person who goes to events that are specifically set up for networking and making new contacts. I prefer to do things a bit more subtly. I often just write a note to myself on a contact person without actually adding them to my address book or inviting them to join my network. If I see someone with an interesting profile, I'll make myself a note on their profile or write a few tags about them. I often use the tags and write in my own keywords, which I can later use to make searching easier. If I have a particular request down the line I use these to search for the right person.

### Are there any jobs that you generated through XING which particularly stick in your mind?

**Hans Dorsch:** My wife found her best client through XING, and was really glad that I'd pushed her to join. I myself found an excellent partner in the Ukraine who worked with me on an important job. He's a technical specialist. My client had an urgent technical problem which I wasn't able to solve. None of the programmers who had worked for this client up to then were able to help. When I first looked on XING I also didn't find anyone suitable. But I updated my search profile to say what I was looking for, and sure enough this programmer from the Ukraine contacted me. I then contacted him, and we spoke on Skype (he spoke a little German), and in the end it worked out great. He just asked me for a reference, and I'll certainly give him one.

» My wife found her best client through XING and I found an excellent partner there «

### So he's someone you want to keep in contact with...

Sure. There are a few outsourcing websites based that specialize in finding service providers for certain technical assignments. The problem is, you always have to fill out a pretty detailed project description, and that takes time. It suited me perfectly that the contact through XING was so easy.

### You mentioned that your wife found a major client through XING. What are the chances of finding new clients through XING – did other opportunities emerge? Is she more active now following that positive experience?

**Hans Dorsch:** She's active in groups like a copywriters' group and a freelancers' group. You can often find jobs posted there. But she's also a lot more active in terms of updating her profile. She still doesn't have a picture, but that doesn't seem to have had a negative effect. She's got plenty of work at the moment.

### One of the main principles of networking is 'give and take' – though not necessarily from the same person. Have you experienced that?

**Hans Dorsch:** I think that's an excellent principle. It's a bit like karma! I believe that when you do a good deed for someone, somebody else eventually finds out about it. For example, if I make my knowledge and skills freely available, without getting anything for myself, just to make someone else's work easier, then there's no direct gain for me, but it extends my network and may lead to recommendations – not necessarily through the second-level contacts, or even the third-level ones – and lead to new opportunities.





In the last 12 months alone, the number of human resources managers who have used XING to hire new employees has risen by 26 percent. At the same time, more and more XING members are using the platform to open up new opportunities and perspectives in their careers. As a social network with a focus on business professionals, XING has a decisive advantage over classic job-websites. XING members benefit from the networking effects of their profiles, work samples and references, as well as from their personal network. Improved search capabilities, more efficient methods of approaching potential employees, and an improved contact management system have allowed XING to quickly position itself favorably in the German-speaking e-recruitment market.

**Ms. Ebbes Barr, more and more professional people are using XING specifically to further their careers. How do you take advantage of this in e-recruiting?**

**Manuela Ebbes Barr:** We have a three-pronged approach to working with XING. First of all, within the context of employer branding we run an open group titled 'Create your own Career'. This group has existed for almost two years now and has about 1,400 members. It allows anyone interested in Bertelsmann, from students to former employees (alumni) to keep up to date with what's happening in the company through newsletters and reports, and also allows them to communicate directly with us. Also, for the last two years we've posted job vacancies on XING via our internal E-Cruiting system. For us as recruiters this is a very good way of connecting with new talent, as it allows us to dispense with forms and other paperwork. We also use XING to proactively target prospective employees. It's a particularly effective way of approaching latent job-seekers. Many potential candidates don't necessarily think of applying to Bertelsmann. XING allows me to scout for talent based on particular skills. We then approach them on XING, compose a


short email, often with a link or attachment concerning a job that we think might suit this person. This effectively gets the ball rolling.

**» Qualified candidates and search functions together with new candidate groups – these are all excellent benefits «**

**What for you is the main advantage of recruiting through the business network?**

**Manuela Ebbes Barr:** Anyone with a profile on XING is aware that they can be contacted at any time. Because of that, people generally respond positively when we contact them. Many very promising candidates also use the search function on XING Jobs to find out what vacancies are available. This is a feature that we've received a lot of good feedback about. Overall, this is a far more selective and effective approach to recruiting talent than an online job exchange.





**8 million  
potential  
candidates**

XING spoke to **Manuela Ebbes Barr**, Director of Bertelsmann Recruiting Services, about how she works with the platform and about her general experiences working with XING in the field of e-Recruiting.

**Speaking of talent recruitment, do you also use XING to fill specialist and management positions?**

**Manuela Ebbes Barr:** We certainly do. In fact, those are precisely the people that we target through XING. I think XING is best suited for finding highly qualified and specialized management employees. Those are the kinds of people I'm most likely to look for and find through XING, rather than graduates or interns.

**Members use their XING profiles as online business cards. What do you look for when you view a member's profile?**

**Manuela Ebbes Barr:** Basically, we look at the profile in much the same way we look at a standard application or a résumé. The logic is the same. I use the profile as a basis on which to decide whether a person is suited to our company or to fill a particular vacancy.

**Let's talk a bit more globally. What trends do you see emerging in terms of recruiting through social media?**

**Manuela Ebbes Barr:** I think we're likely to see a far higher degree of networking, which will challenge recruiters to expand their perspective. Many have yet to start doing so. At Bertelsmann we've embraced open communication. For example, in the recruitment department we've integrated our XING profile into the company website. So, when someone visits the Bertelsmann website to find out about the company they have the chance to directly contact me or my colleagues through our XING profile.

**» XING is a good way to find specialist and management employees «**

We're looking for media-savvy people. We're looking for networkers. So it's vital that we use social media to find these people. Bertelsmann has been active in social networks for quite a while already. In fact, we don't just use this approach for recruiting. With certain target groups, particularly in the so-called Generation Y, for strategic reasons and from the perspective of employer branding you simply have to have a presence in certain media channels, such as Twitter, for example. For the last few months we've had a company profile on XING. Naturally, we like to use that to enhance employer branding. We've already had good results with that. Our involvement with XING goes back three years already. From our point of view it's been very successful and worthwhile.



A photograph of a middle-aged man with a balding head, smiling warmly at the camera. He is wearing a grey suit jacket, a blue dress shirt, and a striped tie. He is seated in a black office chair at a wooden desk. The background shows a bright office environment with a window and a computer monitor. The text 'Start on a personal note, and soon you'll be in business' is overlaid in large, bold, yellow font on the left side of the image.

Start on a personal  
note, and soon  
you'll be in business

XING spoke with the XING Ambassador  
**Johannes Woll** from Munich about the XING platform.



Acclaimed business people around the world have proven that the online and offline worlds can be combined to great effect. Over 220 of them are currently involved as official XING Ambassadors. In addition to moderating official regional and industry-specific groups, they regularly invest their passion in organizing networking events. In 2009 alone more than 80,000 XING members met at over 1.200 official XING events (rotating dinners, sports events, company tours, high-profile expert lectures, and discussion groups). People attend these events not only to exchange business ideas and expand their networks, but also to get to know each other on a personal level.

**Mr. Woll, you're a media and publishing consultant, and you're also regularly involved with XING as a moderator and Xpert Ambassador. To what extent does this involvement benefit you at a business level?**

**Johannes Woll:** When I discovered XING in 2004 it was a revelation, because I've always generated business through contacts I've built up over the years and through word-of-mouth recommendation. Before XING came along I networked by going to industry events, seminars and congresses. XING is a virtual counterpart to those events. And it goes a step further - and this is the real logic of XING - by developing transparent groups, primarily industry-specific groups. As moderator of a large group I'm fortunate enough to be able to approach industry associations and trade fairs at their level. In the sectoral group I'm a lobbyist; I talk to the Bundesverband Druck und Medien [The German Printing and Media Industries Federation], the Forum Corporate Publishing, the FDI (Association of Managers in Printing and Information Processing), the Drupa print media fair, and the Frankfurt Book Fair. It's a bit different in Munich, at the networking events that we started in 2004. There most people want to turn the virtual contacts they've already made into 'tangible', long-term business contacts.

**What's special for you about these offline meetings?**

**Johannes Woll:** I get to know people who ostensibly have nothing to do with my core business. But once I get to know them, we're often able to build on that. For me, XING works when my own contacts are so highly qualified and solid that they actually strengthen my business, acting as multipliers. At an online event the person I'm talking to doesn't have to be in the same industry as me. It can be someone who knows someone who needs a service that I provide. With a single counterpart I can only conduct one-to-one business, and even that only happens in a fraction of cases. In six years of attending XING events it's only happened once. However, that counterpart has the potential to multiply what I do many

» Virtual communication  
can never replace events «



times over. The results can be incredible, for example when the marketing manager of an international corporation taps you on the shoulder and says, "I need your help. Thomas (our common contact who recommended me) told me you can do this!"

**That was certainly a special XING moment. Can you tell us about some others?**

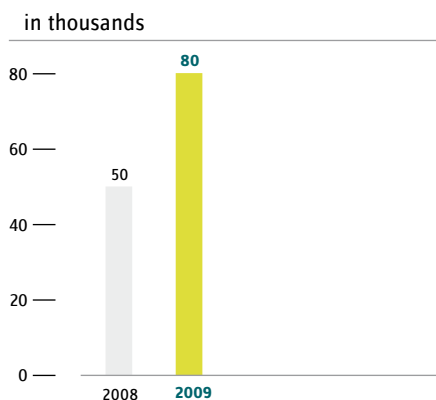
**Johannes Woll:** In our group in Munich, that I moderate together with my Ambassador colleagues Martin Bockelmann, Daniela Duda and Martin Rist, we launched an appeal for a bone marrow donor on behalf of a local 12-year-old boy. In our group alone 650 people took a bone marrow test. Many of them extended the appeal through bulletin boards in their companies, for example at Siemens. In the end we managed to find a suitable donor. This is an example of how you can achieve great things through a network, even if it has nothing to do with business. That's the whole point of our slogan in Munich: "Start on a personal note, and soon you'll be in business."

**Was there a particular highlight for you among last year's events?**

**Johannes Woll:** We organized 30 events last year in Munich, among them three or four for the Xpert group. A highlight for the Xpert group was taking part in the weiss'raum project at the Frankfurt Book Fair. This was a new exhibition space aimed at publishers, booksellers and technical partners in media production. XING was able to use this 650-square-meter space to present itself. It also functioned as a meeting place for XING members from the media industry. Over 500 members took advantage of this. We were also able to offer them reduced-price entrance tickets to the Fair. Not even members of the Börsenverein [German Publishers & Booksellers Association], who are the Fair's organizers, enjoyed this perk.

**» XING works when my own contacts are highly qualified and solid «**

### Participants official XING events



A very special event was held at Munich's prestigious P1 Club in 2009: We celebrated 'Six Years of XING' with around 1,000 members, partners and sponsors. It was very successful. Our XING Oktoberfest has gained a reputation well beyond Munich.

**It's clearly important that group members have fun at events. But what do you see as the other main benefits?**

**Johannes Woll:** We know that our group in Munich contains a particularly high proportion of Premium Members, and they are particularly active on the platform. Over 90 percent visit XING at least once a month.

**» We offer local benefits that are not generally available «**

It's not necessary for us to put the main focus on business. The people who attend our events already have a 10 to 12 hour working day behind them. Come evening, they just want to meet other people. So, these generally aren't moderated events with

thematic workshops. It's a different story with the industry group. Here, members can discuss issues in the group, advertise jobs or services, and recruit employees. It's also important that we offer local benefits. For example, members receive reductions on tickets to congresses and trade fairs, and cheap access to trade publications. Members are interested in discussing business but they also want to gain a personal benefit from XING.

**You have a lot of experience as an organizer. In fact, you were one of the first to organize networking events. What's the secret to ensuring lively communication at these events?**

**Johannes Woll:** First of all, you have to invest time and passion. It's not enough to just set up the framework, and say 'here's the group, those are the forums'. There's a critical mass of members and issues that you need to involve. Virtual communication can never replace events.

**» We achieve great things, even if it has nothing to do with business «**

**What in your opinion is the key to getting the most out of XING?**

**Johannes Woll:** You have to use XING in the same way that you do business in real life. In other words, you've got to be very authentic, very credible, and respectful towards others. It's also important that you recommend others, and often ask yourself, 'what can I do for others' - rather than just thinking about what they can do for you. XING doesn't work for cold calling. You basically get back as much out of it as you put in.





Not only individual members but also universities, trade associations and other organizations are taking advantage of XING groups. There are numerous ways and opportunities to get involved in XING groups: from establishing and intensifying business relationships to accessing professional knowledge and skills. Whether the focus is specialist or interdisciplinary, regional or international, monolingual or multilingual, the thousands of groups reflect the vibrancy of the XING community and typify networks in action.

**Mr. Fugger, you're a press spokesman and for the last five years you've been a moderator of the PR and media communication group on XING, one of our largest with over 6,000 active members. How does your activity as a moderator and the wealth of experience you've gained benefit you in your daily work life?**

**Klaus-Hubert Fugger:** For starters I've been able to make a lot of business contacts in the PR sector through XING and the group I moderate. That's a clear benefit. Apart from that I've gained a lot from taking part in discussions of trade-related issues, whether by asking questions myself or simply by following the discussions over time.

**Have you ever gotten new business through XING?**


**Klaus-Hubert Fugger:** Certainly. Essentially I've benefitted from a process of referral. That has allowed me to win new clients for our association within the lobbying scene in Berlin.

**To what extent does your group focus on professional competence and communication?**

**Klaus-Hubert Fugger:** That's our main focus. We have many young professionals in the PR sector who ask questions and can get direct feedback for agency directors or press spokespeople. On the other hand, the group also includes lots of people who've been working in PR for years and who stimulate discussions within the group, for example through Twitter. Naturally, to facilitate this, our group opened a Twitter account. I think a lot of people benefit from these discussions - not just those who actively take part but also those who play a more passive role.

**» Creating professional contacts with colleagues and potential customers is a clear benefit «**

# Benefit from expertise

A photograph of a middle-aged man with short brown hair, smiling broadly. He is wearing a light blue long-sleeved button-down shirt and a striped tie with orange, black, and white diagonal stripes. He is sitting in an office environment, with a blurred background showing office furniture and a window with a view of greenery. The lighting is bright and natural.

XING spoke to **Klaus-Hubert Fugger**, press spokesman for Die Familienunternehmer – ASU (Association of Family Businesses in Germany), moderator of the group Pressearbeit, PR, und Medienkommunikation [PR and media communication], and co-moderator of the group Politik [politics].

» At the end of the day these groups fulfill a dual purpose: they are forums in which to exchange information about our sector, and they are a platform in which to present one's own projects and activities «

An important principle of networking is 'give and take'. What can I do as a new member to play a part in the community and benefit from it?

**Klaus-Hubert Fugger:** At the end of the day these groups fulfill a dual purpose: they are forums in which to exchange information about our sector, and they are a platform in which to present one's own projects and activities. Our group has no problem with a member presenting a project they've worked on.

» If someone is active in the field of PR on the Net, then that person should leave their mark «

How does involvement like this lead to long-term business relationships? Which approaches have proven successful?

**Klaus-Hubert Fugger:** The really important thing is that members regularly visit their groups and contribute. Of the approximately 6,000 members in our group there is, of course, a core of a few dozen very regular contributors. My guess is that the rest are people who prefer passive involvement, or who want to make a statement about their interests and abilities just by belonging to such a group. For me and the other two moderators it's always been important that there's an even balance between the number of members and the number of articles published, and so far that's been the case.



People also use group articles as a way of building their Internet reputation. How do you feel about this?

**Klaus-Hubert Fugger:** It's part of what groups are for. As far as I'm concerned, if someone is active in the field of PR on the Net, then that person should leave their mark. I see that as an entirely positive thing. As a moderator you occasionally find yourself in a situation where you need to delete something you'd written months ago because you realize that it wasn't properly substantiated. You say to yourself, "that was a bit banal" or "I didn't really have my facts straight there, so I'm not sure I want that turning up in search engines." As a rule, I keep in mind that whatever I write on XING should still be worth reading in two or even ten years' time. Everyone who communicates on XING should be aware of this.



### Have there been any moments with XING or your group that particularly stand out in your memory?

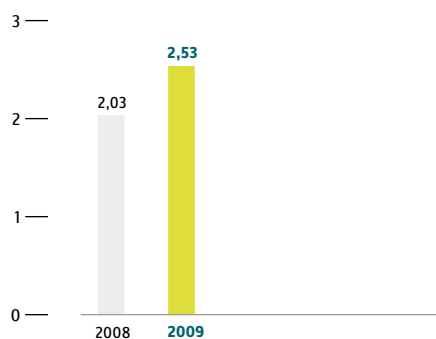
**Klaus-Hubert Fugger:** Yes, those moments when I've experienced a learning effect - through group discussions, not only in the PR group but also in the politics group, which I co-moderate. It can be very interesting and informative to observe how people react to theirs and other people's articles. Because only the written word - and perhaps a photo - counts when people communicate on social media sites, a few other dimensions of communication are excluded. That means that users need to be all the more careful what they write.

### As a moderator, when are you happy with your work?

**Klaus-Hubert Fugger:** When I have the feeling that a lot of people are taking part in discussions and the benefit for me and the other members is clear. In our group we had a very wide-ranging discussion about Open Source press websites. Naturally, the owners of such websites got involved in the discussion and presented their services. Then a load of links were put together and we had a very thorough debate about the usefulness of such websites. What emerged from this discussion was a very effective form of word-of-mouth marketing or recommendation management. As a PR specialist I was very satisfied with how this discussion went.

#### Members in groups

in millions




» In that respect XING is unique:  
It has more genuine and  
serious professionals than in  
most other forums «

### Do you use any other networks?

**Klaus-Hubert Fugger:** Yes, and what impresses me about XING in comparison to other social networking sites is that in most cases you're dealing with very detailed, openly accessible profiles, and therefore with more genuine and serious professionals than in most other forums. In that respect XING is unique. For example, in the politics group we have quite a strict membership policy and only accept people who have a convincing profile. That wasn't always the case with this group, but we've seen a considerable improvement in the quality of contributions since we started restricting membership.

# Presence and interactive communication

A man with dark hair, wearing a grey suit, white shirt, and dark tie, stands with his arms crossed. He is smiling slightly and looking towards the camera. The background is a blurred office environment with large windows and other people working.

XING spoke to **Markus Derler**, Director of Marketing at Winterheller Software, and **Dr. Georg Kraus**, CEO of Dr. Kraus & Partner about their experience using the new Company Profiles on XING.



Through its Company Profiles XING offers companies enterprise solutions to help them make the most of the opportunities afforded by Web 2.0. Companies can present themselves as they wish, adapting the appearance and layout of their profile to suit their own requirements, as an integrated part of the XING community. Companies are also happy to use their XING profile to directly engage their preferred target groups in dialog. In addition to raising brand awareness and opening up a direct marketing channel, corporate clients appreciate the unparalleled reach and high-quality membership of the European Business Network.

**Mr. Derler, you have the 'Plus' package for your Company Profile and have already updated it several times. What do you see as the main advantage of XING Company Profiles in contrast to classic PR?**

**Markus Derler:** XING has become a very large community. The advantage for us is that we can approach a lot of people in a focused manner and make company information available. Our Company Profile is probably of most interest to our own employees. It is also of use to XING members who are interested in our company.

» We can approach a lot of people in a focused manner and make company information available «

**Would that be your main target group?**

**Markus Derler:** Overall, we'd like to reach a broader target group on XING. That's why we also use XING groups a lot. We post relevant topics in groups to offer added value for our group members and draw attention to our company, products and references as a software company.

**What kind of information is best suited for posting on the Company Profile?**

**Markus Derler:** Information that's of interest to the 'sales market' - in other words, news about products releases - and, of course, content intended for the 'opinion market'. For example, the fact that we were voted best employer in Europe in 2003. That's the kind of information that I like to see in our mix of topics, alongside any content that is important for external corporate communication. We're also conscious of our image as an employer.

### What emphasis do you place on employer branding?

**Markus Derler:** Competition for qualified staff is increasing all the time. Each and every company should take this fact into account and set up a strong and clearly defined employer brand that appeals to suitable candidates without the need for active recruiting. Not only this, it also helps employees to identify with the company they work for. Our XING Company Profile helps us to boost our image as an attractive employer and reach out to potential candidates.

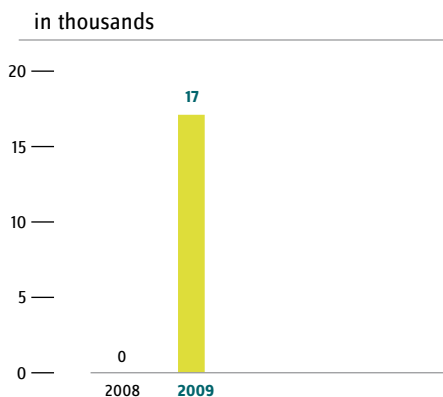
### You launched a XING survey about controlling software. Did you get valuable feedback?

**Markus Derler:** The purpose of that survey was to find out how users got along with our free version of Professional Planner. We got some excellent feedback. We had a response rate of up to 15 percent with this survey, and we received a lot of interesting suggestions from users. That's why we're planning to continue using XING for this purpose and to circulate the results more widely.

### How do you like this communication tool overall?

**Markus Derler:** Basically I'm really excited about it. At the moment we're still in a situation where I also use the XING groups to draw attention to our Company Profile. But the level of interest is growing every single day.

Followers of Company updates



### Dr. Kraus, you use the 'Plus' package. You've also chosen a different look for your company profile than for your website. What was behind this choice?

**Dr. Georg Kraus:** We're currently changing our website as part of a major relaunch. The graphics on the XING page provide a kind of preview of the design that we'll be using on the new website. So we're adjusting our XING profile to the look of our future website.

### Are you trying to reach a particular target group on XING?

**Dr. Georg Kraus:** It's basically the same target group that we're trying to reach through our own website. That is, decision-makers in companies, company directors, senior executives, human resources managers, mid-level managers - we're spreading our net very wide. XING therefore matches and enhances our work through other channels.

### What kind of information do you want to convey to decision-makers? And what kind of messages do you send through your Company Profile?

**Dr. Georg Kraus:** One thing I particularly like is the news function. We use this at regular intervals to present new information about our company in the hope it will be read by some of the members who are linked to us. We're planning to use this more in the future. But we still have to figure out exactly what users are interested in reading.

### What do you hope to achieve by updating your Company Profile?

**Dr. Georg Kraus:** Many of our employees are already active on XING. But as an employee you only have your personal profile. The initial idea was to give interested users the chance to see who belongs to the company and make it easier for them to find the right contact person I see social media and channels such as XING Company Profiles as being an absolute must these days. It's just like the Yellow Pages used to be but better.

### What's your assessment of the Company Profiles, just a few months since they were introduced?

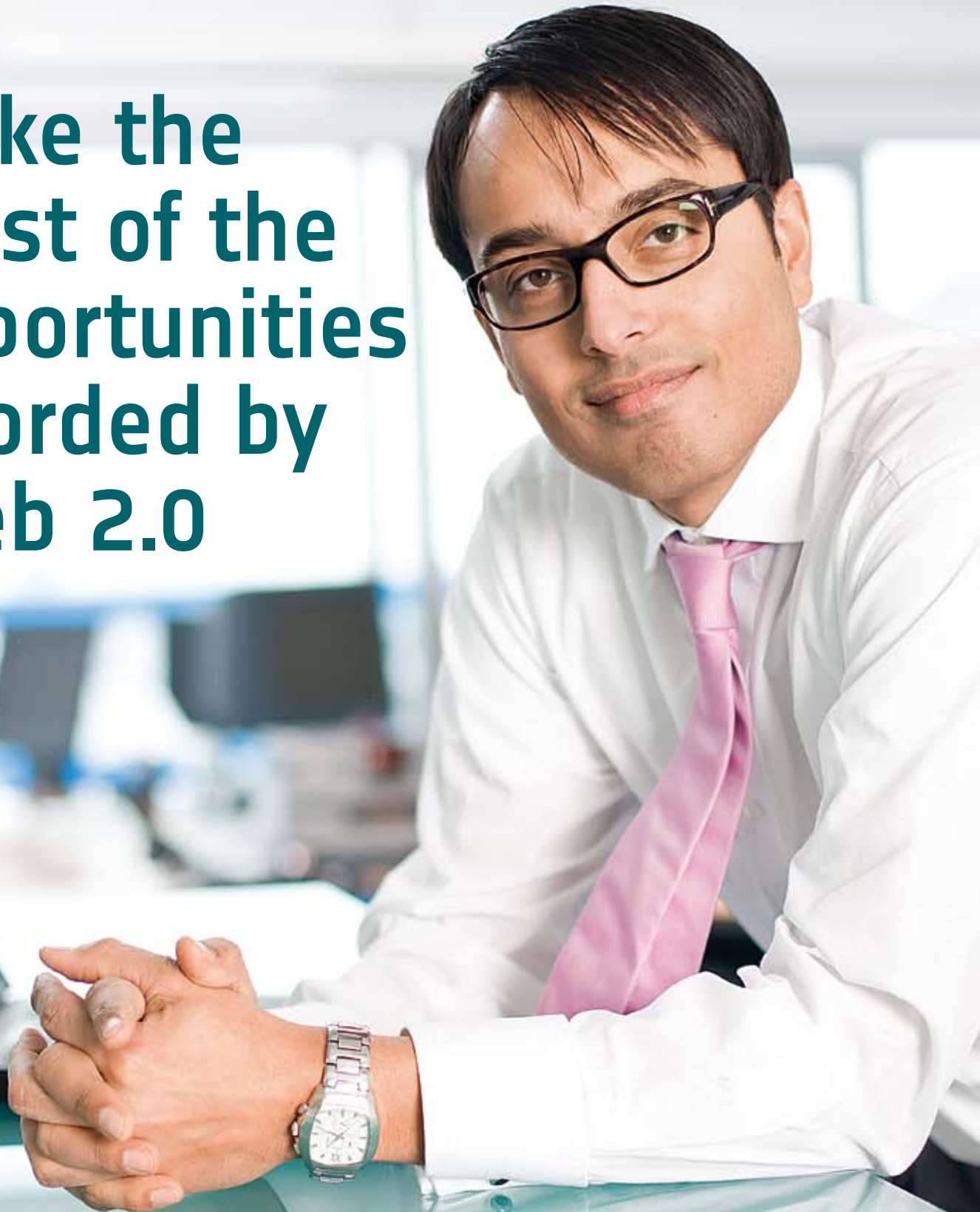
**Dr. Georg Kraus:** We were one of the first to have a Company Profile. I think the follower function has great potential. We're going to watch carefully to see if more followers join up and become active. It will be exciting to see how that develops over time.





» XING allows us to reach decision makers in companies, members of executive boards, managing directors, HR managers, and mid-level management «

# Make the most of the opportunities afforded by Web 2.0



XING spoke to **Tristan Reckhaus**, Managing Consultant at IBM Germany about his experience with using Enterprise Groups, and how his company has benefited from using their services.



Enterprise Groups are used by companies around the world both as an open and restricted Internet portal. Functions and services tailored to a particular group help create and build long-term connections to employees, alumni and customers, to gather information relevant to product development, to optimize internal and external processes, and to generally improve communication both within the company and with the outside world. XING Enterprise Groups take advantage of the fact that XING members are more active than typical users of social networking sites. Synergies that emerge can therefore be utilized more effectively and, for example, transformed into market advantage.

**Mr. Reckhaus, you run a professional Enterprise Group on XING – The Greater IBM Connection – and use it to stay in touch with current and former IBM staff. What for you are the aims of the XING IBM group?**

**Tristan Reckhaus:** We want to build a better and more sustained positive relationship with our employees. Not only while they are working at IBM, but throughout their entire lives in line with the motto 'once an IBMer, always an IBMer'. We've realized that former employees or alumni can act as vital multipliers. They often hold leading positions at companies that are our clients, competitors or business partners. We've realized that it's very important to keep these people informed about IBM business strategies, products and services. They are often asked, "IBM, what do they do again?" We also use the groups to communicate career and job offers. We not only reduce our hiring costs through a very successful alumni process for former IBM employees who want to come back and work for us again, we also find that these alumni are better informed about IBM as a result of the XING group, and so they're able to reach full productivity faster.

Our Enterprise Group on XING demonstrates how social networking and social media have changed the corporate culture: from hierarchical, top-down management processes to a much more transparent and open culture of communication.

**» We have understood that alumni are important multiples for us «**

**What kind of content do you make available through the group?**

**Tristan Reckhaus:** XING members are interested in reading about the experiences of other IBM people. It is very useful when, for example, employees in the group talk about and describe the exciting projects they're currently working on. This gives us the chance to present important aspects of our business strategy, the associated marketing operations, and to link these to a personal story. Most people find that interesting.



### Have you been able to detect whether the Enterprise Group has a definite influence on your business?

**Tristan Reckhaus:** We have indeed, though new business is still difficult to track. We're currently integrating a tracking mechanism into our system so that we can evaluate the effect. We've also detected an unexpected and positive side effect, namely that our customers use the XING platform as an additional channel of communication to us. This means we have a platform that suddenly allows us to build up contacts on a more personal level. On this note, I think the theme 'war of talents' will be very exciting in the next few years. Companies will have to present themselves to potential employees, emphasizing what they offer in contrast to other employers.

## » Company strategy combined with personal stories – that's what people are interested in «

### What was IBM's main motivation in joining XING?

**Tristan Reckhaus:** When we decided to join XING in 2006 it was the only social network that could seriously be described as a business community. For us the key question was, should we build something of our own or use an existing platform? We decided to join XING partly because its members already included many people in our target group, and because it had huge potential among its other members. An open network naturally has far greater growth potential thanks to viral effects.

### What did you do to stimulate greater user activity within the group?

**Tristan Reckhaus:** We tried out a lot of different things to find out what people are interested in. First of all, we realized that the group has to be fun and interesting. The business part comes after. For example, if we put press releases from our website onto XING, nobody would be interested in reading them.


XING spoke to Rouben Halajian, Head of International HR Policies at METRO AG, and Paul Kittel, Manager at METRO AG in Düsseldorf, about their experiences as a new customer of XING Enterprise Solutions.

### Mr. Halajian, Mr. Kittel, the METRO Group also recently launched an Enterprise Group entitled Metro Group Social Network. When you started last year what were you hoping to achieve?

**Rouben Halajian:** We noticed that we had a relatively high staff turnover. A lot of degree candidates (final-year students who work for a period in industry) and interns were joining and leaving the Metro Group each year. Occasionally we were able to place an intern in a vacant position but we lacked a strategy to maintain contact with these people. The same applied to former employees who left the company, taking their skills and knowledge with them. We thought about how we could maintain strategic contact to these people, and came up with the idea of using a group on XING.

### How important is this contact to alumni for your company?

**Paul Kittel:** It's extremely important because the Metro Group is active all around the world. We are one of the biggest global players in the retail and wholesale trades, and this is reflected in our international workforce. The XING group gives us the opportunity to stay in closer contact with people, to send them information and benefit from their knowledge. Without a group like this we could of course just use email correspondence. However, that's always a one-to-one situation.

A portrait of Rouben Halajian, a man with short brown hair and glasses, wearing a tan suit jacket, a white shirt, and a striped tie. He is smiling slightly and looking towards the camera. The background is a blurred office setting with windows and a desk.

» The XING Group is  
our strategic platform  
for maintaining contact  
with people «

**Rouben Halajian,**  
Head of International HR Policies,  
METRO AG

» XING is helping us to take our corporate culture to the next level. I think that's important. «

Paul Kittel, Manager, METRO AG



**What do you see as the advantages of developing your community on the XING platform, as opposed to your own platform?**

**Rouben Halajian:** We did actually consider setting up a platform of our own. Then we realized that lots of Metro employees were already registered XING members. In the end it was more efficient to use the existing group and develop this into our own Enterprise Group. XING also has the advantage that most people are already familiar with it.

» We have the chance to join the discussion with positive effects on our image as an employer «

**What kind of content can you communicate particularly well to your community via the XING group?**

**Paul Kittel:** Our focus is clear: former students, interns and degree candidates. We've gone live with our job board on XING, people can subscribe to a Metro Group jobs mailing list, and we've started initiatives to go beyond our normal marketing channels, such as a competition among employees. We've also made our staff newsletter available through XING, because we noticed that our retired employees in particular were very interested in keeping up to date with changes in the Metro Group.

**How has social media changed your work as human resources managers?**

**Rouben Halajian:** We're still at the test stage. I can't say that it has had a direct and noticeable effect on our work. We need to be present and active in social networks. Both current and potential employees are part of these networks, and so we have the chance to join the discussion. It also has positive effects on our image as an employer.

**Do you use XING to specifically cultivate that image?**

**Paul Kittel:** It already works as a strategic support platform. Last year we had a lot of very good interns and degree candidates. Unfortunately we weren't able to offer most of them a position. But we know now where to find them and can approach them directly as positions open up. In the area of recruiting we've also had our first results.

» Most people are already familiar with XING and a lot of METRO employees are already XING members. «

**What other competitive advantages do you foresee?**

**Rouben Halajian:** A second important point for us is the issue of 'knowledge management'. The members of our group actively use the forum to exchange knowledge. If employees go abroad to work they can quickly get information, for example about where to find an apartment or where the best daycare is, through the community.

**What other benefits are there for users?**

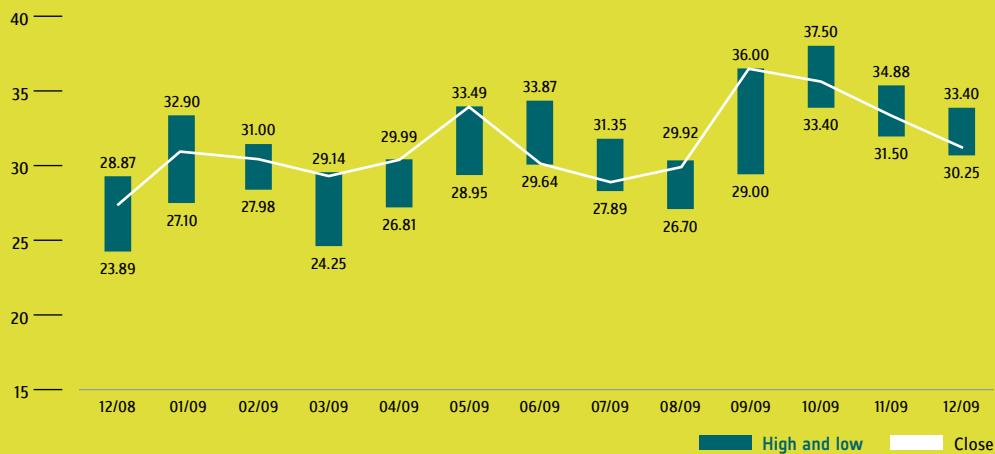
**Rouben Halajian:** Our company hasn't just grown organically; it has also bought up other companies. We combine several different corporate cultures within the Metro Group. The XING platform gives our employees in our various companies the chance to get in contact with each other, to exchange information or ideas, and to help each other. That's important, I think. XING is helping us to take our corporate culture to the next level.

# XING share

## XING share data

<b>Number of shares</b>	5,272,447
<b>Type of share</b>	Registered shares
<b>IPO</b>	12/07/2006
<b>Trading Symbol</b>	O1BC
<b>Securities identification symbol (WKN)</b>	XNG888
<b>ISIN</b>	DE000XNG8888
<b>Bloomberg</b>	O1BC
<b>Reuters</b>	OBCGn.DE
<b>Market segment</b>	Prime Standard
<b>Stock exchanges</b>	Berlin, Bremen, Dusseldorf, Frankfurt, Munich, Stuttgart

## XING share price development (high and low) Dec. 2008 to Dec. 2009 in €





Extraordinary developments at XING strongly impacted upon the XING share over the last financial year, making 2009 something of a volatile year from an investor's viewpoint that was additionally influenced by exogenous factors. XING Founder Lars Hinrichs stepped down as CEO at the beginning of the year, handing over leadership of the company to Dr. Stefan Gross-Selbeck. The Executive Board was also completely restructured over the course of 2009 with the appointment of Michael Otto as CTO, Ingo Chu as CFO and Dr. Helmut Becker as CCO. Alongside these internal changes and a strategic focus on the development and launch of new revenue streams, this period also witnessed the divestment of shares by the XING Founder, which was successfully completed in December 2009 with 25.1 percent share capital in XING AG being transferred to Burda Digital GmbH. All of these aspects contributed to a lack of clear direction in the development of the XING share price, which fluctuated over a broad range of between €23.89 and €37.50 over the course of the financial year.

While 2009 saw all major indices recover significantly from the losses suffered in the previous year, the XING share increased in value by 14 percent over this reporting period. Analyzing the XING share in terms of a long-term investment, the year-end closing price of €30.80 represents a 3 percent increase over the initial issue price of €30.00 at the IPO in December 2006. The TecDAX grew by approximately 9 percent during the same period. The DAX and SDAX, however, made marked losses of -10 and -36 percent, respectively.

Performance of XING stock vs Indices in %	2009	2008	2007
XING	14	(39)	44
TecDAX	61	(48)	30
DAX	24	(40)	22
SDAX	27	(46)	(7)

#### Improved position on the Deutsche Börse index ranking

The performance of the XING AG share in previous years, particularly in comparison with other companies on the TecDAX, led to an upward valuation of the XING AG share on the Deutsche Börse's monthly index ranking. This listing is of key importance because it serves as the basis for selecting the 30 companies included in the TecDAX index. In terms of turnover and market cap, XING AG improved its position in the ranking, going from positions 35/37 (turnover/market cap) to 32/33 as of December 31, 2009.

<b>Figures of XING shares, at a glance</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
XETRA closing price on December 31	€30.80	€27.00	€44.21
High	€36.00	€45.55	€50.79
Low	€28.50	€23.59	€26.00
Market Cap end of period	€162 million	€140 million	€230 million
Average trading volume per day	10,851	7,472	10,981
TecDAX Ranking			
based on order book turnover (12 month average)	32	35	58
based on freefloat market capitalization	33	37	49
Earnings per share (diluted)	€(0.33)	€1.41	€1.10
Free Cashflow per share	€2.67	€3.41	€1.70
Equity per share	€9.99	€10.06	€8.84

#### Profit per share

The profit per share is arrived at by dividing corporate profits by the average weighted number of shares (IAS 33).

<b>Earnings calculation</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Net profit excl. minorities	€(1,681) thousand	€7,324 thousand	€5,729 thousand
Average weighted number of shares	5,156,470	5,196,383	5,201,700
Earnings per share according to IAS 33 (diluted)	€(0,33)	€1.41	€1.07

The profit per share results from continued operational activities.

#### Rising interest on the capital market

XING AG is one of the few companies to receive relatively widespread analyst coverage and interest although it is not affiliated with a particular index. The XING share is currently being actively covered by five brokers, four of which make an explicit recommendation to purchase shares. Targets were quoted at between €38 and €49 with effect of the publication date of this Annual Report.

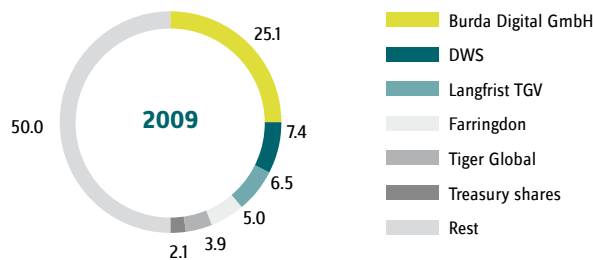


Analyst recommendations (as of March 20, 2010)	Recommendation	Price target
Deutsche Bank	Buy	€40
DZ Bank	Buy	€38
Hauck & Aufhäuser	Buy	€49
HSBC	Overweight	€42
LBBW	Buy	€40

### Changes in shareholder structure

The purchase of 1,323,041 XING shares (a 25.1 percent share capital) by Burda Digital GmbH from Lars Hinrichs represented the most significant change to the shareholder structure to date. In addition to this, XING AG also gained TGV as a further shareholder focused on long-term investment.

### Shareholder structure (as of March 20, 2010) in %



### Additional sources of information for investors:

Besides the conventional communication channels, the Investor Relations department at XING AG also set up separate Twitter accounts at the end of 2009, designed to communicate all investor-related information about XING. It includes regular updates for shareholders about the current share price trend and key corporate information.

### XING shareholders can find further information via the following channels:

Twitter: xing\_ir (information and news relating to the capital markets)

Twitter: xing\_de (topics and news relating to all aspects of the company)

Twitter: xing\_com (corporate information and news in English)

<http://blog.xing.com> (the XING AG corporate blog is available in four languages)

<http://corporate.xing.com/english/investor-relations/> (the XING AG Investor Relations site)

The XING AG Investor Relations department is happy to take questions and comments:

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[https://www.xing.com/profile/Patrick\\_Moeller2](https://www.xing.com/profile/Patrick_Moeller2)

## REPORT OF THE SUPERVISORY BOARD

2009 proved to be a difficult year for the world's economy. XING AG held its ground and performed well throughout this challenging period however, building even further on its position as a European business network and increasing its revenues once again. The past financial year has seen the Company implement a host of new developments on the XING platform, further enhancing its value and appeal with diverse new features and offers. The development of OpenSocial applications was a major focus of investment here, for instance, and has been gradually expanded over the course of 2009. A great deal of attention and effort was also placed on the development of Recruiter Membership, which is designed specifically for recruiters and HR professionals to search for and find suitable candidates more easily and effectively. The past financial year also witnessed further enhancement to the 'Jobs' section of the XING platform. Amongst other developments, companies can now post ads for vacant job positions in their own corporate design. These new capabilities now make XING the ideal partner for professional e-recruitment. The launch of Company Profiles represents another milestone. Since November 2009, companies, organizations and associations from all industries can now present themselves with their own profile and form direct contacts with customers and interested members more effectively.

The Supervisory Board of XING AG exercised the duties that it is required to perform as a result of the law and Articles of Association with great diligence and enthusiasm. To this end, the Supervisory Board provided consultation to the Executive Board in managerial decisions affecting the future of the fast-growing Company, as well as monitoring the management of ongoing operations.

The Executive Board provided the Supervisory Board during the 2009 financial year with regular, prompt and comprehensive reports, in writing and also orally, concerning the development of the Company, business processes, financing and investment plans, and personnel planning. The Supervisory Board was also heavily involved in strategic and organizational decision processes that went beyond their standard monitoring activities. The Supervisory Board provided guidance and consultation to the Executive Board on issues relating to the international focus and organizational structure of the Company. Moreover, discussions were held with regard to the competitive environment and possible acquisition opportunities.

A total of 13 Supervisory Board meetings were held over the past financial year. No member of the Supervisory Board attended fewer than half of these meetings held. The Supervisory Board was promptly involved in all major decisions that were of vital importance for the Company.

In the following section, the Supervisory Board reports on the key aspects of their monitoring and advisory activities.

### Focus of monitoring and advisory activity

In the meeting held at the beginning of January 2009, the Supervisory Board was concerned with the resignation of Lars Hinrichs and the appointment of Dr. Stefan Groß-Selbeck as the new CEO of the Company. Dr. Groß-Selbeck assumed his new role effective January 15. Mr. Bill Liao stepped down as a member of the Supervisory Board in December 2008 after a number of years of valued service and contribution to the Company. In January 2009, the local court (Amtsgericht) in Hamburg granted the appointment of Mr. Lars Hinrichs as successor to Mr. Liao on the Supervisory Board.

At the outset of the financial year, the Supervisory Board considered together with the Executive Board the acquisition (asset deal) of those divisions of epublica GmbH that were relevant to XING's operations and subsequently approved the takeover. As a result, 19 epublica GmbH employees joined the staff of XING AG and the Managing Director Michael Otto was appointed to the Executive Board as Chief Technical Officer effective February 1, 2009. The takeover resulted in complete control of the Company's own technologies for the first time since the founding of XING AG (formerly OpenBC GmbH), as well as facilitating the development and launch of new applications at greater speed. The purchase of the remaining 15 percent stake in openBC China Ltd., based in Hong Kong, was also approved at the same meeting, thereupon resulting in a 100 percent shareholding in openBC China Ltd. for XING AG.

In February 2009, the annual compliance statement was also discussed and approved. The compliance statement was then subsequently published on the Company's website upon schedule.

In March, the plenum discussed and granted approval for the budget plan submitted by the Executive Board for the 2009 financial year, which was revised subsequent to the appointment of Dr. Gross-Selbeck. Furthermore, the annual financial statements, the management report, the consolidated financial statements and the Group management report for the 2008 financial year were discussed. The auditors presented their results and the Chairman of the Supervisory Board reported on the results of the Audit Committee. In addition, the Chairman of the Supervisory Board reported on the measures and findings resulting from the monitoring and review of the internal risk management and compliance system.

The following meeting held on April 1, 2009, was concerned with the approval of the annual financial statements, the management report, the consolidated financial statements and the Group management report for the 2008 financial year. Other items on the agenda included the profit appropriation proposal submitted by the Executive Board, as well as the draft of the Report of the Supervisory Board and the draft agenda for the Annual General Meeting of XING AG on May 28, 2009. The Personnel Committee also proposed Ingo Franklin Chu at the meeting to assume the post of new CFO and successor to the departing CFO and member of the Executive Board Eoghan Jennings. Finally, the Supervisory Board approved the focusing of international operations on strategically selected country markets, as proposed by the Executive Board.

In another meeting held at the end of April 2009, the Supervisory Board granted approval for realigning the organizational structure of the Company, as a result of a proposal submitted by the Executive Board with a view to increasing the efficiency of product development.

In July 2009, the Supervisory Board convened to consider the contractual employment terms with Dr. Helmut Becker. The decision was made to appoint Dr. Helmut Becker as Chief Commercial Officer and to the Executive Board effective from September 15, 2009. A reallocation of areas of responsibility amongst the members of the Executive Board was implemented accordingly.

In September 2009 the 3-year strategic plan for the Company was discussed and approved. The Supervisory Board also granted consent for the closing of the subsidiary company XING Italy S.R.L.

At its last meeting of the year held in November 2009, the Supervisory Board discussed the budget planning for the 2010 financial year.

### Report from the committees

The Supervisory Board of XING AG has formed, as in the previous year, an Audit Committee, a Personnel Committee and a Nomination Committee. The Acquisition and Restructuring Committees did not meet during the 2009 financial year in view of the increase in members of the Executive Board and the reorganization carried out for the most part over the course of 2008.

The **Personnel Committee** dealt with the contractual employment terms and compensation of members of the Executive Board, as well as other matters concerning the Executive Board. It convened a total of five times over the past financial year. It was involved essentially in preparations for the new appointments of Michael Otto, Ingo Chu and Dr. Helmut Becker, and considerations regarding the resignation of Lars Hinrichs, Eoghan Jennings and Burkhard Blum. Further subjects of deliberation were also concerned with the compensation system and the levels of remuneration of the Executive Board, in particular with regard to the granting to the Executive Board of variable compensation components in the form of stock options and bonus payments.

The **Audit Committee** held a total of two meetings during the course of the 2009 financial year. It deliberated on the audit of the annual financial statements, the consolidated financial statements as well as the corresponding management reports, the audit reports of the auditor, the proposed appropriation of profits and also the interim reports to be published. In addition, the Audit Committee was informed by the Executive Board about risk management and compliance in the Company. Discussions were held with the auditor with regard to subjects that are relevant for audit purposes. The Audit Committee prepared the application for the statement of independence of the auditor in accordance with point 7.2.1 of the German Corporate Governance Code, the awarding of the audit engagement to the auditor and the definition of the main aspects of the audit and the fee of the auditor to be approved by the Supervisory Board.

The Supervisory Board accepted the resignation of Lars Hinrichs as a member of the Supervisory Board with regret. Mr. Fritz Oidtmann was appointed as the successor to Mr. Hinrichs by resolution of the local court (Amtsgericht) in Hamburg in January 2010.

### Corporate Governance

As per point 3.10 of the German Corporate Governance Code, the Executive Board and the Supervisory Board provide information on Corporate Governance at XING in the Corporate Governance report. In February 2010, the Executive Board and Supervisory Board submitted the annual statement of compliance, which is also included in the Corporate Governance report. XING AG complies with most of the recommendations and is committed to good Corporate Governance as an integral part of management.

### Audit of the annual financial statements and consolidated financial statements

The annual financial statements for the financial year 2009, which were prepared by the Executive Board in accordance with the rules of the German Commercial Code (Handelsgesetzbuch – HGB) and the management report of XING AG have been audited by Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Hamburg, and have been awarded a non-qualified auditor's opinion. This also applies to the consolidated financial statements and consolidated management report of XING AG for the financial year 2009, which were prepared in accordance with the International Financial Reporting Standards (IFRS) pursuant to section 315a HGB and which have also been awarded a non-qualified auditor's opinion by the auditor. The annual financial statements and the consolidated financial statement, including the Group management report and the management report, as well as the audit reports of the auditor and the profit appropriation proposal of the Executive Board were submitted to the Audit Committee and the Supervisory Board in due time for them to be audited

and were extensively discussed with both bodies. The auditors attended the deliberations on the submitted documents in the Supervisory Board and in the Audit Committee and reported on the main results of their audits. They were available to the Audit Committee and the Supervisory Board at all times in order to answer questions and provide information. In connection with the audit of the financial statements and the profit appropriation proposal of the Executive Board, the Supervisory Board also discussed the account policy and financial planning of the Executive Board with both bodies.

Following the definitive result of its own audit, the Supervisory Board did not have any reservations with regard to the annual financial statements which were submitted, the management report as well as the consolidated financial statements and the Group management report and, following the recommendation of the Audit committee and its own audit, approved the result of the auditor concerning the audit of the financial statements and the consolidated financial statements as well as the management report and Group management report of XING AG.

The Supervisory Board has approved the annual financial statements prepared by the Executive Board and the consolidated financial statements of XING AG. The annual financial statements of XING AG have thus been adopted.

#### Changes in the Supervisory Board and Executive Board

In January 2009, Lars Hinrichs stepped down as chairman of the Executive Board and was appointed as a member of the Supervisory Board. In December 2009, he lay down his mandate as a member of the Supervisory Board, choosing to step down at his own request after the disposal of his percentage of shares. As per January 18, 2010, Mr. Fritz Oidtmann was appointed as his successor as authorized by the local court (Amtsgericht) in Hamburg up until the next Annual General Meeting.

In July 2009, Ingo Chu took up his post as the new CFO and successor to Mr. Eoghan Jennings. Helmut Becker assumed his new role as member of the Executive Board and Chief Commercial Officer in September 2009.

In January 2010, Burkhard Blum resigned from his post as Chief Operating Officer. Mr. Blum left the Company of his own volition in order to pursue new business ventures. No replacement is planned for this position on the Executive Board. Responsibilities for Legal Affairs, Mergers & Acquisitions, Corporate and Market Development and Project Management have been divided amongst the four remaining members of the Executive Board accordingly.

#### Conclusion

The Supervisory Board would like to thank all members of the XING platform and the shareholders of XING AG for the trust they have vested in the Company. It would also like to express its gratitude to the retired Supervisory Board member Lars Hinrichs, the members of the Executive Board and all employees of XING AG for their dedication and hard work. Together they have contributed to a successful financial year 2009 and ensured that XING is in a good position for continued healthy growth in 2010.

Hamburg, March 18, 2010

Dr. Neil V. Sunderland  
Chairman of the Supervisory Board



# CORPORATE GOVERNANCE REPORT

The aim of Corporate Governance is to ensure the responsible management and control of the Company with a focus on long-term value growth. Like many other public companies, XING AG adheres to the recommendations and guidelines contained in the German Corporate Governance Code (DCGK). The Company complies with almost all recommendations in the code, with some exceptions outlined in detail in the following.

## Corporate Governance Report

With regard to Corporate Governance (CG) at XING AG, the Executive Board - simultaneously also for the Supervisory Board - reports in accordance with point 3.10 of the German Corporate Governance Code (DCGK) as follows:

XING AG is of the opinion that good and transparent Corporate Governance forms an integral part of prerequisites for the success of the Company. Particular importance is placed here on a close and efficient working relationship between the Executive Board and the Supervisory Board. Open communication, active and ongoing risk management and orderly accounting and auditing are all also key aspects for corporate management aimed at ensuring sustained corporate success. Only by adhering to these practices can trusting relations with the public, employees and business partners be created and maintained in the long term.

All current information regarding Corporate Governance at XING can also be found on our website. Besides the latest and current declaration of compliance, the past declarations of compliance from previous years are also available here.

## Management and control structure

As a German joint stock corporation (Aktiengesellschaft), XING AG is subject to German stock companies law and thus has a two-fold management and control structure with five members of the Executive Board and three members of the Supervisory Board. The Supervisory Board currently consists of three shareholders' representatives. It advises and supervises the Executive Board with regard to all aspects of management. Sound specialist knowledge in the Internet sector and in the field of Web 2.0 is absolutely essential in this respect.

## Executive Board

The Executive Board manages the Company with the aim of bringing about long-term value growth. In consultation with the Supervisory Board, the Executive Board defines and develops the strategic alignment of the Company. As Chief Executive Officer (CEO), Dr. Stefan Gross-Selbeck is responsible for the Corporate Communications, International Markets, Human Resources and Corporate & Market Development divisions. As Chief Financial Officer (CFO), Mr. Chu is responsible for Finance, Controlling, Business Intelligence, Investor Relations, Legal Affairs and Mergers & Acquisitions. Dr. Helmut Becker oversees Subscriptions, E-Recruitment, Advertising, Marketing, Sales and Product in his capacity as Chief Commercial Officer (CCO). And as Chief Technical Officer (CTO), Michael Otto oversees Operations, Project Management and the Rails and Perl teams. Prior to his stepping down on February 14, 2010, Burkhard Blum held the position of Chief Operating Officer (COO). There will be no successor to this position. Instead, his areas of responsibility will be divided up amongst the remaining members of the Executive Board. Further information he can be found in the internal rules of procedure.

### Supervisory Board

The Supervisory Board of XING AG consists solely of shareholders' representatives. Since the stepping down of XING Founder Lars Hinrichs from his post in January 2010, the Supervisory Board is no longer made up of any former members of the Company's Executive Board. The Company has taken out a D&O insurance (professional liability insurance) for the Executive Board and Supervisory Board, as well as managers of the Group companies, that does not include a deductible. A consultancy contract was also in effect with the Chairman of the Supervisory Dr. Neil Sunderland during the 2009 financial year. There were no conflicts of interest affecting members of the Executive Board and Supervisory Board, which would require immediately disclosure to the Supervisory Board. The following committees were also formed with a view to increasing efficiency:

### Committees

The **Personnel Committee** dealt with the contractual employment terms and compensation of members of the Executive Board, as well as other matters concerning the Executive Board. It convened a total of five times over the past financial year. It was involved essentially in preparations for the new appointments of Michael Otto, Ingo Chu and Dr. Helmut Becker, and considerations regarding the resignation of Lars Hinrichs, Eoghan Jennings and Burkhard Blum. Further subjects of deliberation were also concerned with the compensation system and the levels of remuneration of the Executive Board, in particular with regard to the granting to the Executive Board of variable compensation components in the form of stock options and bonus payments.

The **Audit Committee** held a total of two meetings during the course of the past financial year. It deliberated on the audit of the annual financial statements, the consolidated financial statements as well as the corresponding management reports, the audit reports of the auditor, the proposed appropriation of profits and also the interim reports to be published. In addition, the Audit Committee was informed by the Executive Board about risk management and compliance in the Company. Discussions were held with the auditor with regard to subjects that are relevant for audit purposes. The Audit Committee prepared the application for the statement of independence of the auditor in accordance with point 7.2.1 of the German Corporate Governance Code, the awarding of the audit engagement to the auditor and the definition of the main aspects of the audit and the fee of the auditor to be approved by the Supervisory Board.

The Supervisory Board accepted the resignation of Lars Hinrichs as a member of the Supervisory Board with regret. Mr. Fritz Oidtmann was appointed as the successor to Mr. Hinrichs by resolution of the local court (Amtsgericht) in Hamburg.

The Nomination Committee, Acquisition Committee, Mediation Committee and Restructuring Committee did not hold any meetings during the course of the 2009 financial year.

### Efficiency audit/Independence

The Supervisory Board discussed and reviewed the efficiency of its activities and advised on possible methods for optimizing these activities. In its estimation, the Supervisory Board consists of a sufficient number of independent members.

### Risk management

Comprehensive Corporate Governance also includes active and continuous risk management. Permanent monitoring and management of risk is one of the key duties of the Executive Board. For this purpose, the Company has implemented the early risk-recognition system required in accordance with section 91 (2) AktG and continuously develops it within the context of current market and company developments. As was the case in the previous year, the functionality of the system has again been confirmed by the auditors of the consolidated financial statements.

### Transparency

Via the Internet, shareholders and potential investors are able to obtain up-to-date information concerning current developments of the Group and of the product. All press and ad-hoc releases of XING AG are published on the website of the Company. The Articles of Association of the Company as well as the Annual Report, the interim reports and investor presentations are published on the website. The Company holds continuous and regular dialog with the capital market by way of conference calls, roadshows within Germany and abroad, as well as participation in investor conferences. Furthermore, interested investors can also learn more through the XING AG corporate blog ([www.blog.xing.com](http://www.blog.xing.com)) or by following the Company on "Twitter" ([www.twitter.com/xing\\_ir](http://www.twitter.com/xing_ir)).

In accordance with section 15a WpHG, the members of the Executive Board and of the Supervisory Board of XING AG must disclose any purchases and disposals of XING shares. The Chairman of the Supervisory Board, Dr. Neil Sunderland, informed the Company that he sold a total of 11,182 no-par value shares of XING AG on November 19, 2009. The Company then in turn declared and published this notification to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungen).

The total reportable holdings of shares of XING AG of all members of the Executive Board and Supervisory Board amounted to around two percent of the shares issued by the Company as of December 31, 2009.

As of December 31, 2009, 103,840 shares (a total of 2.0 percent) were attributable to the Supervisory Board member Lars Hinrichs, via LH Cinco Capital GmbH. On November 17, 2009, Burda Digital GmbH purchased a total of 1,323,041 XING shares from Mr. Hinrichs, making it the new primary shareholder of XING AG. In addition, as of December 31, 2009, Daniela Hinrichs, Vice President Corporate Communications and wife of Lars Hinrichs, held 32,866 shares of XING AG and 13,214 options from the stock option program 2006 and 2008 of XING AG, each of which entitles the holder to acquire one share of XING AG if the exercise conditions are satisfied.

The mandates of the members of the Executive Board and of the Supervisory Board are listed in the notes. Relations with related parties are detailed in the notes to the consolidated financial statements.

### Statement of the Executive Board and Supervisory Board of XING AG in accordance with section 161 AktG

In accordance with section 161 AktG, the Executive Board and Supervisory Board of a listed joint stock corporation have to issue a statement every year confirming compliance with the recommendations of the "Government Commission German Corporate Governance Code" announced by the Federal Ministry of Justice in the official part of the electronic Federal Gazette and also stating which recommendations have been applied and which have not been applied. The statement has to be made accessible to the shareholders on a permanent basis.

After proper assessment, the Executive Board and Supervisory Board of XING AG confirm the following: Since the last statement of compliance was submitted, XING AG has complied with the recommendations of the "Government Commission Corporate Governance Code" in the version dated June 6, 2008, and has complied and will comply with the version dating June 18, 2009, from its date of validity, with the following exceptions:

#### Declaration by the Executive Board and Supervisory Board of XING AG according to § 161 AktG

The Executive Board and Supervisory Board declare that since the last statement of compliance was submitted, XING AG has complied with the recommendations of the "Government Commission Corporate Governance Code" in the version dating June 6, 2008, and has complied and will comply with the version dating June 18, 2009 from its date of validity, with the following exceptions:

#### 3.8 (2) D&O insurance deductible

XING AG has taken out a D&O insurance for its executive bodies that does not include a deductible. The Executive Board and Supervisory Board take the view that a D&O insurance deductible does not constitute an adequate means of achieving the Code's objectives. Deductibles of this kind are usually insured by executive board and supervisory board members themselves, so that the actual purpose of the deductible is nullified. XING AG shall meet the obligation to include a deductible for Executive Board members, set out in Art. 93 (2) line 3 AktG under commensurability of board member remuneration, within the implementation period required for legal and contractual fulfillment. For the reasons indicated above, the D&O insurance for Supervisory Board members will continue to not have a deductible in the future.

#### 4.2.3 (3) - Compensation of Executive Board members

Only one current board member contract did not and does not contain limitations on gains resulting from the exercise of subscription rights granted to the board member. In the view of the Company, the relatively small proportion of stock options in the total compensation of the board member and a properly determined strike price make setting a cap on gains unnecessary.

#### 4.2.3 (4) and (5) - Settlement cap for members of the Executive Board

The Code stipulates that executive board contracts should include an agreement to cap settlement payments including perquisites to board members in the event of a premature cessation of board duties without good cause at twice the annual remuneration of the board member, and that the period of reimbursement not exceed the remaining term of the employment contract. XING AG has not set a settlement cap in two Executive Board contracts. XING AG takes the view that a settlement cap of this sort is at odds with the basic conception of a regular executive board contract, which has been agreed upon for the duration of the period of appointment, and cannot be terminated without good cause. Furthermore, in practice such a settlement cap is not easily enforceable by the Company alone in the event of premature cessation of Executive Board duties without good cause. In the event of a premature, amicable termination of an Executive Board contract, the Company will endeavor to act in accordance with the fundamental idea behind the recommendation.

Furthermore, the Code stipulates that a settlement for the premature cessation of executive board duties arising from a change of control be limited to three times the annual remuneration. Currently, one Executive Board contract stipulates that in the event of a change of control under certain conditions, the capitalized total contractual amount be paid for the remainder of the term of employment, or at least for a term of 1.5 years. The same Executive Board contract stipulates that in the event of a change of control, a cash payment be made to the Board member for the amount of issued but not yet exercised stock options. In individual cases, these agreements could lead to exceedance of the recommended settlement cap. Given the fixed four-year term of service, the Supervisory Board is of the opinion that cap recommended by the Code need not be enforced, and reserves the right to renegotiate individual contracts in the future, if necessary.

#### 5.4.6 (1) and (2) – Compensation of Supervisory Board members

The Vice Chairman of the Supervisory Board has not been and will not be considered individually when Supervisory Board compensation is agreed upon. As the number of instances in which the Vice Chairman has represented the chairman have been very few in the past, both the Executive Board and the Supervisory Board believe separate compensation to be unnecessary. The compensation of Supervisory Board members has not and does not contain performance-related compensation components. In the interest of boosting the necessarily independent function of the Supervisory Board, both the Executive Board and the Supervisory Board wish to avoid financial incentives connected with short-term success of the Company.

Hamburg, February 2010

The Supervisory Board

The Executive Board

#### Corporate Governance information on the Internet

In accordance with section 161 AktG, the Executive Board and Supervisory Board of a listed joint stock corporation have to issue a statement every year confirming that the recommendations of the "Government Commission German Corporate Governance Code" published by the Federal Ministry of Justice in the official part of the electronic Federal Gazette have been or will be complied with, or what recommendations have not or will not be applied. This statement has to be made permanently available to the shareholders and can be viewed at [www.xing.com](http://www.xing.com) under Investor Relations.



# COMPENSATION REPORT

The following compensation report is based on the recommendations of the German Corporate Governance Code and contains information that must be included in the notes to the financial statements or the management report as per the German Commercial Code (HGB) or the International Financial Reporting Standards (IFRS). It is thus an integral part of the certified annual financial statements. Accordingly, the information contained in this report is not additionally detailed in the notes to the financial statements or the management report.

## Compensation of the Executive Board

As of December 31, 2009, the Executive Board of the Company consisted of five members, Dr. Stefan Gross-Selbeck, Ingo Chu, Michael Otto, Dr. Helmut Becker and Burkhard Blum.

**Lars Hinrichs** (CEO) left the Executive Board in January 2009. Until his departure, he was responsible for Corporate Policy, Corporate Strategy, Corporate Communications, Product & Engineering, and Marketing.

**Eoghan Jennings** (CFO) left the Executive Board in April 2009. Until his departure, he was responsible for Planning, Investor Relations, Finance, and the evaluation of Corporate Performance.

In 2009, **Burkhard Blum** (COO) was responsible for Corporate Development, Market Development, Mergers & Acquisitions, Legal Affairs, and Project Management. Burkhard Blum left the Executive Board effective January 31, 2010.

**Dr. Stefan Groß-Selbeck** assumed the role of CEO effective January 15, 2009. As of December 31, 2009, he was responsible for Corporate Products, Human Resources, Corporate Communications, and International. In February 2010, Dr. Stefan Groß-Selbeck assumed responsibility for Corporate Development and Market Development and relinquished control of Corporate Products.

**Michael Otto** was appointed Chief Technology Officer (CTO) effective February 1, 2009. In 2009, he was responsible for Operations and Engineering, and in February 2010 he assumed responsibility of Project Management.

**Ingo Chu** was appointed Chief Financial Officer (CFO) of XING AG on July 1, 2009. As of December 31, 2009, he was responsible for Controlling, Accounting, Business Intelligence, and Investor Relations. In February 2010, he also assumed control of Legal Affairs.

**Dr. Helmut Becker** was appointed to the Executive Board on September 15, 2009. He has since been responsible for Marketing, Jobs & Recruiting, Advertising, Subscriptions, Company Profiles, Events, Sales, and Customer Care. In addition, he assumed control of Corporate Products from Dr. Stefan Groß-Selbeck in February 2010.

The Personnel Committee is responsible for the preparatory consultation on Executive Board compensation, which is then determined by the entire Supervisory Board, taking into account the recommendations by the Personnel Committee. Dr. Neil Sunderland and Dr. Eric Archambeau served on the Personnel Committee during the reporting period. The structure of the compensation system is regularly reviewed by the Supervisory Board. As recommended by the German Corporate Governance Code, the compensation of Executive Board members consists of fixed and variable components. The overall compensation and the individual compensation components are all in correlation with the responsibilities of the respective member of the Executive Board, his personal contribution, the overall contribution of the Executive Board as a whole and the financial situation of XING AG.

The compensation components which are not performance-related consist of a fixed payment. The variable components of compensation consist of variable emoluments and stock options as compensation components as a long-term incentive. They are assessed against performance targets, which in turn are set based on parameters taken from the consolidated financial statements and are also measured against benchmarks.

An overview of Executive Board compensation for the 2009 financial year is broken down in the following table. Compensation for FY 2008 is indicated in [] brackets.

<b>Members of the Executive Board</b>	<b>Fixed salary</b> in € thousand	<b>Variable salary</b> in € thousand	<b>Stock options</b> in € thousand	<b>Lump-sum payment</b> in € thousand	<b>Total salary</b> in € thousand
Lars Hinrichs CEO until January 2009	3 [150]	100 [25]	0 [330]	100 [0]	203 [505]
Eoghan Jennings	83 [160]	50 [50]	(122) [234]	220 [0]	231 [444]
Burkhard Blum	237 [200]	83 [150]	293 [548]	510 [0]	1.123 [898]
Dr. Stefan Groß-Selbeck CEO since January 2009	323 [0]	135 [0]	234 [0]	380 [0]	1.072 [0]
Michael Otto	174 [0]	69 [0]	0 [0]	0 [0]	243 [0]
Ingo Chu	106 [0]	42 [0]	32 [0]	0 [0]	180 [0]
Dr. Helmut Becker	67 [0]	38 [0]	34 [0]	0 [0]	139 [0]
<b>Total</b>	<b>993</b> <b>[510]</b>	<b>517</b> <b>[225]</b>	<b>471</b> <b>[1.112]</b>	<b>1.210</b> <b>[0]</b>	<b>3.191</b> <b>[1.847]</b>

Prior to leaving the Executive Board on January 6, 2009, Lars Hinrichs received fixed payments amounting to €3 thousand. In addition, a performance-related payment amounting to €100 thousand was remitted to Mr. Hinrichs in 2009 for his contribution during the 2008 financial year. In connection with his resignation from the Executive Board, Mr. Hinrichs received a payment amounting to €100 thousand, as well as a compensatory payment of €139 thousand equal to the cash value of his stock options.

Burkhard Blum received a fixed payment amounting to €237 thousand. Furthermore, a payment amounting to €150 thousand was made to Mr. Blum following the 2009 Annual General Meeting for his contribution during the 2008 financial year. For his contribution during the 2009 financial year, Mr. Blum will also receive a payment amounting to €83 thousand following the 2010 Annual General Meeting. Furthermore, Mr. Blum received a one-time payment of €510 thousand to satisfy any possible claims arising from his Executive Board contract connected with his departure from the Executive Board.

In addition to fixed payments amounting to 83 thousand for his contribution during the 2008 financial year, Eoghan Jennings also received a one-time variable payment of €50 thousand in 2009. Furthermore, he received payments totalling €220 thousand to satisfy claims arising from his Executive Board contract. A total of 20,000 stock options valued at €122 thousand expired in connection with the termination of his Executive Board contract.

At the beginning of 2009, Dr. Stefan Groß-Selbeck received a one-time payment of €380 thousand to settle losses incurred with his assumption of the role of CEO of XING AG.

For their contributions during the respective period of service in 2009, the Board members are entitled to bonus payments in the following amounts: Dr. Stefan Groß-Selbeck €135 thousand, Michael Otto €69 thousand, Ingo Chu €42 thousand, and Dr. Helmut Becker €38 thousand. Bonuses for Executive Board members are payable after the conclusion of the 2010 Annual General Meeting.

The stock options for Executive Board members were issued in accordance with the conditions agreed upon by the XING AG Annual General Meeting on November 3, 2006, May 21, 2008, and May 28, 2009, when creating the Stock Option Plans 2006, 2008 and 2009 (please see the Notes to the Consolidated Financial Statements for more information).

Stock options granted to Executive Board members are broken down as follows:

On December 31, 2009, Mr. Blum held 7,511 (granted in December 2006), 13,479 (granted in March 2008) and 16,000 (granted in September 2008) stock options of the Company. Depending on the length of the lockout period from two to four years, the fair value was between €9.27 and €10.62 per stock option upon granting on December 6, 2006, between €14.37 and €16.36 upon granting on March 7, 2008, and between €9.38 and €10.82 upon granting on September 9, 2008. The total fair value of stock options granted to Mr. Blum amounted to €73 thousand (from 2006), €207 thousand (from March 2008) and €159 thousand (from September 2008).

As of the closing date, Dr. Stefan Groß-Selbeck had received 100,000 stock options (granted in February 2009). Depending on the length of the lockout period, the fair value for these options was between €5.83 and €5.92, amounting to a total of €588 thousand. The intrinsic value of options granted to Dr. Stefan Groß-Selbeck is capped at €35.00 per option.

Mr. Ingo Chu was granted 25,000 stock options from the Company, which he exercised in August 2009. Depending on the length of the lockout period, the fair value for these options was between €9.38 and €10.77 at the time they were exercised. The total value of these options when exercised was €248 thousand.

Dr. Helmut Becker was granted 22,000 virtual stock options on September 17, 2009, which were issued under similar terms to those of the Stock Option Plan 2008. As of December 31, 2009, the fair value of these options was €28 thousand. Furthermore, Dr. Becker was granted 28,000 stock options at the terms of the Stock Option Plan 2006, which he exercised on November 25, 2009. Depending on the length of the lockout period, the fair value for these options was between €6.63 and €6.65, with a total fair value amounting to €186 thousand. The intrinsic value of options granted to Dr. Helmut Becker is capped at €35.00 per option.

#### Premature termination of activity

In three cases, the existing employment contracts as of December 31, 2009, do not contain any severance payment caps as defined in the recommendations of Line 4.2.3 of the German Corporate Governance Code.

The Company would have been obliged to continue to pay the salary of CEO Lars Hinrichs, who retired from the Executive Board in January 2009, to his heirs for the month in which he were to die and the two following, in the event that he were to die during the term of his Executive Board contract months.

If the employment contract is not terminated for good cause, the Company was obliged as of December 31, 2009, to continue to pay the salary to Executive Board member Burkhard Blum should he be relieved from duties on the Executive Board prematurely, and is authorized to release Mr. Blum from performing any other activity for the Company. In the case of Mr. Blum, all non-cash benefits must continue in the event of a premature departure from the Executive Board. If the Executive Board member Burkhard Blum should die during his term of employment with the Company before reaching retirement age, the Company shall pay a twelfth of his annual basic salary per month to his heirs for an additional six months.

In the event of the death of CEO Dr. Stefan Gross-Selbeck, Ingo Chu, Michael Otto or Dr. Helmut Becker during the term of each Executive Board contract, the Company is obliged to pay the monthly basic salary for the month of death and the following three months to the heirs of the deceased Board member.

In the event of the termination of Executive Board activities, Ingo Chu and Dr. Helmut Becker have the right to prematurely end the employment within 3 months of said termination. If this right is exercised, the applicable Board member shall then receive a severance claim which is devisable and that ends with the termination of the employment contract. In the event of termination for good cause, no severance claim shall apply.

In the event of a change of control, the Company shall grant Executive Board members Ingo Chu and Dr. Stefan Gross-Selbeck, upon request, a cash settlement and compensation in exchange for stock options which have not yet become exercisable at the time the employment contract was terminated.

#### Supervisory Board

Supervisory Board compensation is determined by the Annual General Meeting based on a proposal by the Executive Board and Supervisory Board, and is detailed accordingly in the Articles of Incorporation.

For each day they attend a meeting of the Supervisory Board, members receive compensation of €2 thousand (previous year: €2 thousand). The members of Supervisory Board committees also receive compensation of €1 thousand for each day on which they attend a committee meeting (previous year: €1 thousand).

For each day on which he attends a meeting of the Supervisory Board, the Chairman of the Supervisory Board receives compensation of €4 thousand (previous year: €4 thousand). The Chairperson of a Supervisory Board committee receives €3 thousand for each day on which he attends a committee meeting (previous year: €3 thousand).

The total compensation of a member of the Supervisory Board for attending Supervisory Board and committee meetings must not exceed €75 thousand per financial year (previous year: €75 thousand). The total compensation of the Chairman of the Supervisory Board or a committee chairman must not exceed €150 thousand per financial year (previous year: €150 thousand).

An overview of Supervisory Board compensation for the 2009 financial year is broken down in the following table. Compensation for FY 2008 is indicated in [] brackets.

<b>Members of the Supervisory Board</b>	<b>Attendance at Supervisory Board meetings</b> in € thousand	<b>Attendance at committee meetings</b> in € thousand	<b>Total compensation</b> in € thousand
Dr. Neil V. Sunderland (Chairman of the Supervisory Board)	52 [87]	21 [63]	73 [150]
Dr. Eric Archambeau	26 [43]	7 [7]	33 [50]
William Liao	0 [21]	0 [14]	0 [35]
Lars Hinrichs	22 [0]	5 [0]	27 [0]
<b>Total</b>	<b>100</b> <b>[151]</b>	<b>33</b> <b>[84]</b>	<b>133</b> <b>[235]</b>



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for the financial year from  
January 1 to December 31, 2009

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# GROUP MANAGEMENT REPORT

for the financial year from January 1 to December 31, 2009

## Business and general conditions

### Organization structure

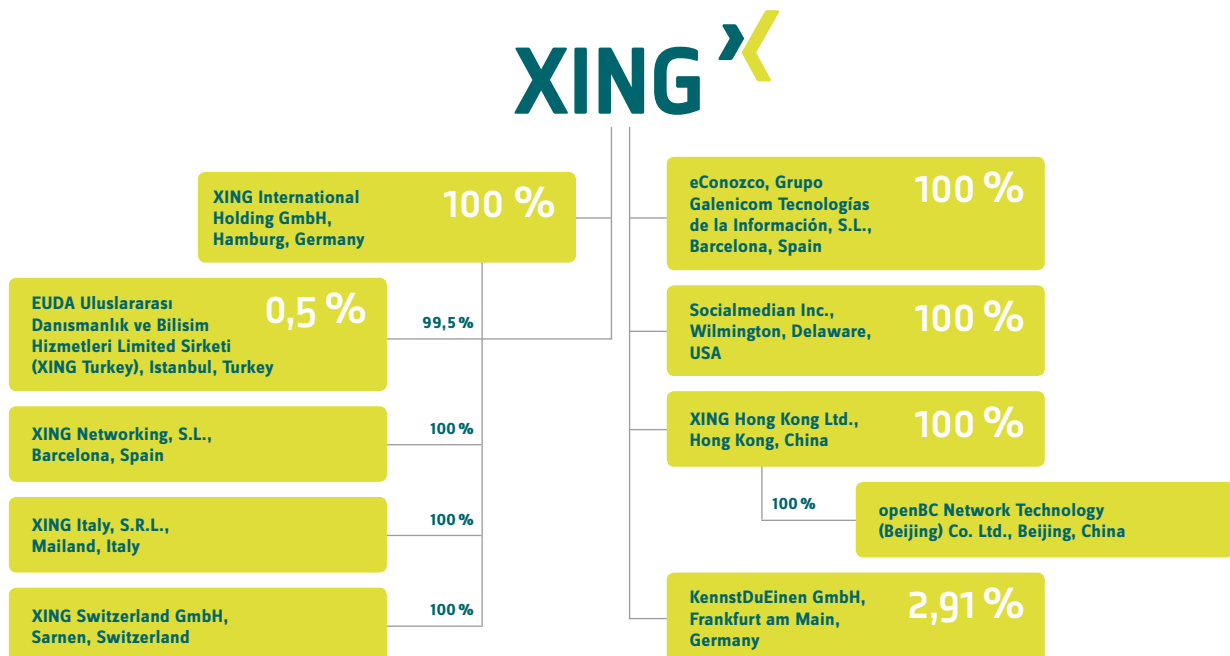
In the last financial year, the XING AG expanded its organizational structure as a result of the integration of Socialmedian Inc., USA. 100 percent of all shares of the company which is registered in Wilmington, Delaware, USA, were acquired by XING AG in January 2009. XING AG is responsible for operating activities of the company. At year end, XING AG held 100 percent of Socialmedian shares.

In January 2009, XING AG increased its share in XING Hong Kong Ltd. from 85 percent to 100 percent. At year end, XING AG held 100 percent of XING Hong Kong Ltd. shares.

In February 2009, XING International Holding GmbH acquired the remaining share of 20 percent of the Turkish company EUDA Uluslararası Danışmanlık ve Bilisim Hizmetleri Limited Sirketi (XING Turkey), Istanbul. At year end, XING AG held 0.5 percent and XING International Holding GmbH held 99.5 percent of the shares of EUDA Uluslararası Danışmanlık ve Bilisim Hizmetleri Limited Sirketi (XING Turkey).

In November 2009, XING sold its 2.4 percent holding in Plazes AG (registered offices Langenthal, Switzerland). At year end, XING AG held no shares in the company.

The holdings of XING AG as of the balance sheet date are set out in the following:



## Business model and strategy

### Business models

During the past two years, XING AG has extended its business models to cover new markets and target groups, and has further developed its original core business. "Subscriptions" is still the business model which generates the most revenues. XING users are able to use the platform much more actively by means of the subscription "Premium Membership". In addition, they also receive special conditions under "Best Offers". Premium Membership is available in three alternative terms. Three-month membership costs €6.95 per month, twelve-month membership costs €5.95 per month, and the 24-month membership costs €4.95 per month. The member subscriptions are received in advance. The business model of Premium Memberships is characterized particularly by low costs of acquiring new members. XING gains most of its new members via the so-called "virality" of the platform. This includes recommendations of existing members and also the process of converting Basic Members into Premium Members.

"e-Recruiting" was responsible for the second highest percentage of overall sales in the course of last year. In this particular field, XING AG further expanded its activities in the fourth quarter of 2009, and has since had three major sources of revenues in this very young area. The company provides a platform for job advertisements based on two billing models. Advertisers can either choose the performance-based method using the pay-per-click model (59 cents per click on an advert) or can use the normal fixed price model (€395 or €495 per advert) with a predefined duration of 30 days. Since the fourth quarter, the company has also offered this specialist target group of recruiters the option of a customized Recruiter Membership. This option costs between €29.95 and €49.95 per month for durations of three, six or twelve months.

XING nowadays has three mainstays which will drive revenue growth in future: the segments Premium Memberships, e-Recruiting and advertising space marketing

"Advertising" constitutes the third business model of XING AG. In this area, the company generates most of its revenues by way of marketing online advertising on the XING platform. In this way, advertisers are able to access the traditional advertising forms on the basis of the TKP model (thousand contact price) via a marketing company. The company generates additional revenues with its "Best Offers" segment, in which it provides a marketing platform to B2B customers. Since the fourth quarter of 2009, XING AG has also provided companies with a platform via "Company Profiles". Corporate clients are able to choose between the alternatives "Standard" for €24.90 per month and "Plus" for €129 per month.

In technical terms, the platform of XING AG is characterized by a considerable degree of scalability. The expansion of the technical infrastructure has enabled new members to be recruited without resulting in a direct proportionate increase in IT costs or without having a negative impact on performance. The company has again expanded its server capacities in the period under review.

## Strategy

XING AG has redefined its strategy in the course of the past two years. Whereas the business model between 2003 and the end of 2007 was based merely on "Subscriptions" business with Premium Memberships, the company nowadays has three mainstays which will drive revenue growth in future. In addition to Premium Memberships, XING AG has developed new market potential particularly as a result of further developing its e-Recruiting offerings and services. In addition, it is also pressing ahead with the model of advertising space marketing which is widespread in the Internet, and is also establishing new sources of revenues in the B2B field. One example in this respect are the company profiles. The activities also continue to focus on the members. This is because, only if the company continuously focuses on the needs of its members will the platform continue to be a regular component of the work of millions of business professionals throughout the entire world. Accordingly, this year, the company will focus to an even greater extent on further developing and improving the core functionalities of the XING platform.

Functions with a high useful value for users on the home page, result in more activity and networking.

## Key locations

As a result of acquisitions in Spain and in Turkey, XING AG now has two additional locations in Barcelona and Istanbul apart from its headquarters based in Hamburg. The international offices are managed locally by so-called country managers. In addition, the country managers also manage small local teams of PR, sales and marketing specialists as well as developers in order to support and develop the largest markets outside the German-speaking world completely and efficiently.

## Innovations/research and development

In 2009, the company's long-standing agility in development was extended to include project implementations in the entire product development. For our customers, this means early releases and iterative improvements of the products which are introduced in conjunction with simultaneous observation of the market and the feedback of our users. In this way, it has been possible for products to be implemented more quickly and more precisely.

XING Product Development has launched high-quality but more closely defined functions on the market, and then developed them interactively, taking account of customer feedback. This procedure has enabled products to be implemented more quickly and more precisely, and also ensures the future market and customer relevance of innovations. By bringing forward the releases and also as a result of the greater relevance for members, the platform has been used more quickly and more intensively by existing customers and new customers, and this in turn is a factor which drives growth and the business models.

In 2009, the agile SCRUM method proved to be a basic mainstay of success for the implementation of new projects. Accordingly, the company will continue to use this method for implementing new projects. XING has invested over many years by way of expert advice in practice and also in the form of staff training, and can now report success in establishing the process landscape.

From the point of view of products, the first half of the year was determined by user-centered functional-innovative changes with strategic value. On the other hand, the months of July to December were characterized by the live activation, monetarization and functional expansion of new business models. In summary, the key areas of product development in 2009 were as follows:

- Functions with a high useful value for users on the home page, resulting in more activity and networking:
  - Info box "People you might know"
  - Info box "People you should meet" (in certain markets, e.g. Spain)
  - Optimized navigation structure and new header
  - Enhancing the Premium Membership, e.g. by the possibility of attaching files to the user's personal profile (CV, references, etc.) or e-mail birthday reminders
  - New version of the XING iPhone application
- Official live activation of the conceptual OpenSocial infrastructure. The "XING Partner Ecosystem" has started with 16 OpenSocial applications of 13 external partners. These include the following:
  - XING News - read what current news other users are reading and evaluating
  - Ask XING Members - use XING as a competence network
  - Twitter Buzz - be at the center of things on XING for your own chosen subjects
- Additional functionalities for XING job offers:
  - Company logo and optional PDF upload or individual company design
  - B2B sales possibility
  - Online possibility for personnel decision-makers for inserting advertisements in the XING job market for a fixed price or by way of a pay-per-click option
  - New type of user-driven assessment system in the XING job market which displays more relevant job offers to users
- Live activation of the new Premium Recruiter Membership which makes it easier for personnel recruiters to search for new employees
- Release of generated company profiles which represent company identities with the company employees registered on XING.
  - Development of interaction options (news feed, follow function, logo)
  - Monetarization of company profiles. Companies are able to take out packages for having their profile maintained by professionals
- Completion and long-term activation of the development project which outsources all monetary business processes including debtor accounting to Arvato Services
- Further development of the event solution, also including an initial beta version of event payment specifically for XING Ambassadors

In order to assure operation and to improve the platform, XING is using the innovative web development framework Ruby on Rails in addition to the tried-and-tested Perl technology. XING is a leading employer in this field, and further enhances the Rails-Community by way of sponsoring and various contributions. Further synergies have also resulted from the merger with the developing company epublica GmbH and XING in February 2009. The company has strengthened its development team in Hamburg and Barcelona by specialists in order to be able to cope with the expanding tasks in future.



## Business development

### General and industry-specific conditions

#### General business climate

The financial crisis resulted in a severe recession throughout the world until well into 2009. According to the International Monetary Fund, global gross domestic product in 2009 shrank by 1.1 percent. The rate of this downturn only slowed down in the second quarter of 2009. The International Monetary Fund identified the end of global recession in September. In the Eurozone, experts are predicting negative GDP growth of 4.2 percent for 2009. XING AG generates most of its revenues in Germany. In this country, the macro-economic situation in 2009, with an anticipated decline of 5.3 percent in GDP, had a particularly negative impact on the development of the company's still young segment "e-Recruiting" and also "Advertising". The segment "Subscriptions" held up well despite the difficult conditions. XING AG is assuming that the subjects of networking and professional orientation will encounter particular interest particularly in times of economic difficulty.

The segment "Subscriptions" held up well despite the difficult conditions.

#### Market development

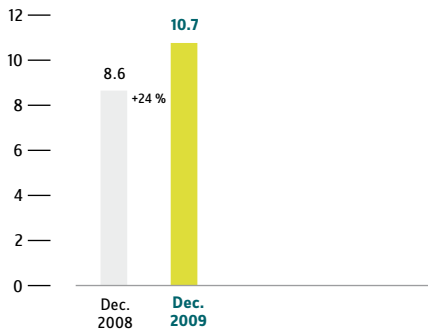
Since the end of 2008, the number of Internet users throughout the world has increased from around 1.5 billion to more than 1.7 billion. In its study dated September 24, 2009, the market research company Nielsen reported that, on average, 17 percent of the entire time in the Internet is spent on social networking and blog sites. This means that this figure has virtually tripled compared with the previous year, and this clearly demonstrates the strong growth being achieved in this sector. XING AG estimates that 800 to 900 million or approx. 50 percent of all Internet users were registered in social networks at the end of 2009. The growth in the number of members in social networks is outstripping the worldwide growth of Internet users, and this aspect is giving rise to more and more new areas of application. Accordingly, in the fourth quarter of 2009, XING AG for the first time set up a service for corporate customers who since that time have been able to present themselves with their own profile to a broad range of users. Companies use Web 2.0 applications in order to contact their target group or to inform them for instance of major product innovations.

#### Competition

Such a rapidly expanding market as social networking, which has previously featured below-average penetration, is characterized by fierce competition. XING AG competes directly with the platforms in Europe which focus on business networking. With more than 3.7 million members in the German-speaking world, XING AG has been the clear market leader since being originally established in the year 2003. However, according to the company, the number of members is not the sole competitive advantage. The extent of their activity is a crucial factor. This is because a platform is only successful if members use the platform regularly, enter into dialog with other members, obtain information actively and provide an added value to others with their contributions.

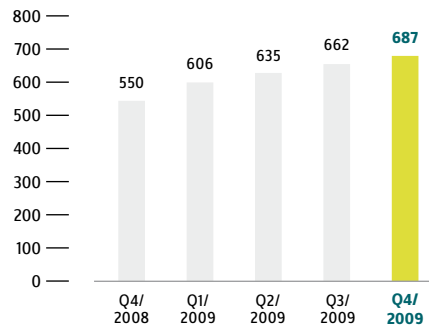
### Unique Visitors

in millions



### Premium Members

in thousands



Last year, XING AG again succeeded in considerably boosting key parameters compared with the previous year. For instance, the number of unique visitors increased from 8.6 million in December 2008 to 10.7 million in December 2009.

According to Management, no competitor in the world is able to report comparable growth of paying members. At the end of the financial year 2009, XING AG reported 687 thousand Premium Members.

XING AG is continuously strengthening its competitive position particularly in its German home market. For instance, a Forsa survey carried out in January 2010 among 1,000 senior executives in Germany documents the predominance of XING in its home market compared with other business networks. In Germany, XING is by far the most used and best known business network. Every third (34 percent) senior executive in Germany now knows XING. The lead of XING over the competition is clear particularly with regard to unsupported brand awareness. Asked for a business network, 21 percent of surveyed persons spontaneously identified XING. The next competitor managed only 3 percent.

#### Major events and business development in the Group

The year 2009 has been characterized by numerous events and changes. In January, Dr. Stefan Groß-Selbeck took up his position as the CEO. In February, XING AG acquired the Hamburg-based development company epublica GmbH. At the same time, Michael Otto was appointed as Chief Technology Officer (CTO). In addition, in the first quarter, the company renamed the previous "Market Place" to "Jobs". In particular, this has made it easier for new members who are not yet familiar with the site to quickly find the job portal on XING. In March, XING AG announced its strategic focus for 2009. It intends to focus on the three areas of growth by way of innovation, focus on recruiters and international expansion.

In Germany, XING is by far the most used and best known business network. Every third senior executive (34 percent) in Germany now knows XING.

In April, the former CFO Eoghan Jennings laid down his mandate. In the course of the second quarter, XING AG was able to provide various innovations and improvements on the platform to its customers. These include for instance a new header, the beta version of the company profiles, the activation of the function “Members you might know” and the launch of the first OpenSocial applications. In June, XING AG started its own partner program for the first time, and thus entered affiliate marketing.

XING launched Recruiter Membership in October. A wide range of additional features helping personnel decision-makers to make their search for new employees much more efficient.

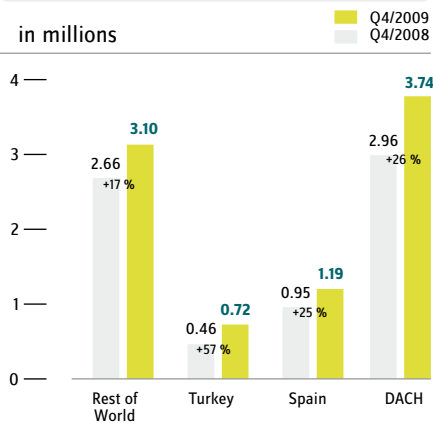
In July, Ingo Chu took up his position as new Chief Financial Officer (CFO). In addition, the XING platform was for the first time opened up for external developers with the partner Eco-System. Since that time, external developers have been able to build applications and embed them in the network after being approved by XING. In addition, XING extended the application options for its Premium Members in July. Since that time, all subscribers have been able to use file attachments for profiles and automatic birthday reminders. In September, Dr. Helmut Becker completed the Executive Board when he took up his position as Chief Commercial Officer (CCO).

The fourth quarter saw the establishment of new sources of revenue and the change of major shareholder. XING launched Recruiter Membership in October. This provides a wide range of additional features which help personnel decision-makers to make their search for new employees much more efficient. After the launch of Recruiter Membership, the company introduced further offers for inserting job adverts. Since the beginning of November, it has been possible for job offers at XING to be placed with a company logo and optional PDF upload or in individual corporate design. In addition, for the first time, personnel decision-makers are able to select online whether they wish to place their job advertisements with XING for an attractive fixed price or with a flexible pay-per-click model.

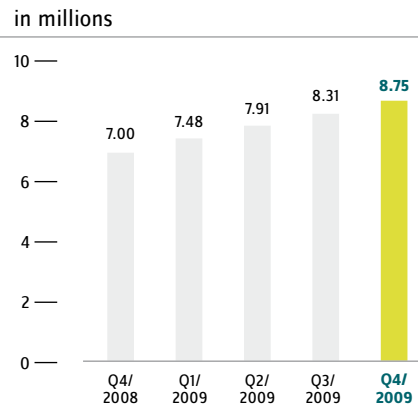
On 18 November, XING AG announced that Burda Digital GmbH was its new main shareholder. Hubert Burda Digital GmbH is a wholly owned subsidiary of Hubert Burda Media Holding GmbH & Co. KG. It has notified the Executive Board of XING AG that it has acquired a total of 1,323,041 shares from Cinco Capital GmbH. With a 25.1 percent shareholding, the subsidiary of Hubert Burda Media Holding GmbH & Co. KG has been the main shareholder of the listed XING AG since that time.

XING enabled the new version of company profiles at the end of November. In addition to the previously free version, XING since that time has been offering the company profiles “Standard” and “Plus” which are professional versions that are continuously extended to include new functions and that are further developed to meet the needs and wishes of users.

### Member distribution



### XING members



#### Development in the number of members

Last year, XING AG achieved constant growth in the number of members. In the first quarter of 2009 which is good due to seasonal factors, the member base increased by 480 thousand to 7.5 million. In the following quarters, net member growth was between 400 and 440 thousand. Accordingly, at the end of 2009, 8.75 million people were maintaining their professional network on [www.xing.com](http://www.xing.com).

## Results of operations in the XING Group

### Overview

In the 2009 financial year, XING AG generated service revenues of €44.0 million, up from €34.7 million in the 2008 financial year. This is equivalent to growth of 26.8 percent on a year-to-year comparison between 2009 and 2008. Revenues of €11.9 million were generated in the final quarter of the year. Accordingly, as was the case in 2008, XING again succeeded in considerably boosting revenues and continuing the course of growth in 2009.

In the year under review, EBITDA of the XING Group amounted to €11.8 million (previous year: €12.2 million). This corresponds to an EBITDA margin of 26.3 percent (-8.2 percentage point compared with 2008). The consolidated result of €-1.7 million was €9.0 million (-123.3 percent) lower than the corresponding previous year figure (€+7.3 million). The decline in consolidated result is mainly attributable to impairments of €5.4 million and tax expenses of €0.8 million due to a tax audit for the financial years 2003-2007.

In the following, the results of operations of the Group as shown in the current IFRS consolidated financial statements for the period ended December 31, 2009 are explained in greater detail and analyzed. The net assets and financial position are also considered in the course of this management report.

As was the case in 2008, XING again succeeded in considerably boosting revenues and continuing the course of growth in 2009.

### Service revenues

In the 2009 financial year, XING generated service revenues of €44.00 million (previous year: €34.7 million). The following overview breaks down the sales generated by services of XING AG:

Service revenues in € thousand	12/31/2009	12/31/2008
Premium Membership	37,114	27,669
e-Recruiting	4,412	3,964
Advertising	2,370	3,009
Other	104	59
<b>Total</b>	<b>44,000</b>	<b>34,701</b>

In 2009, XING also succeeded in further boosting revenues outside Premium Memberships.

Income from returned direct debits of €471 thousand (previous year: €203 thousand) was not shown under revenues in 2009; instead, it was shown under other operating income. In addition, the "Groups" revenues of €378 thousand (previous year: €236 thousand) were reclassified under advertising, whereas they had previously been classified under subscription revenues. The previous year figures have been adjusted.

### Revenues by Premium Membership

Broken down according to geographic region, Premium Membership revenues in financial 2009 are as follows:

Revenues by Premium Membership in € thousand	12/31/2009	12/31/2008
DACH	41,994	32,981
International	2,006	1,720
<b>Total</b>	<b>44,000</b>	<b>34,701</b>

The differentiation between the geographical segments Germany, Rest of Europe, Asia, America and Other has been changed to DACH and International. This means that the geographical segmentation now corresponds to the organizational focus.

By way of analogy with the previous year, most revenues were generated with Premium Memberships from DACH (95.4 percent; previous year: 95.0 percent). Premium Memberships from Germany account for 82 percent (previous year: 81 percent).



### Other operating income

The other operating income of €1,085 thousand for the period under review (previous year: €573 thousand) mainly comprised refunds for returned direct debits of €471 thousand (previous year: €203 thousand). This item was shown under revenues in the previous year. The other income consists of various minor items.

### Personnel expenses and freelance staff

As a result of the continued strong growth in 2009, the company has recruited further employees. On average 247 employees (previous year: 145) were employed by XING in the year under review. As of December 31, 2009, 265 persons (previous year: 174) including five members of the Executive Board (previous year: three) were employed in the Group.

The increase in personnel expenses from €8,807 thousand in the previous year to €15,682 thousand in 2009 is mainly due to the increase in the number of persons employed at the company (+52 percent compared with December 31, 2008). In addition, an above average number of employees was recruited to more highly remunerated positions.

The decline in consolidated result is mainly attributable to impairments of €5.4 million and tax expenses of €0.8 million due to a tax audit for the financial years 2003–2007.

### Marketing expenses

The marketing expenses which were incurred in 2009 were related as in the previous year to partner, customer and new customer marketing and the expansion of the marketing infrastructure and were again significantly expanded in 2009. Whereas expenses in 2008 amounted to €4,375 thousand, they increased to €5,305 thousand during the reporting period for the reasons mentioned above.

### Other operating expenses

The other operating expenses in the financial year 2009 amounted to €12,210 thousand (previous year: € 9,896 thousand) and amounted to 28 percent of total revenues - as was the case in the previous year. The expenses mainly consist of IT and other services totalling €1,985 thousand (previous year: €2,790 thousand), legal and audit expenses of €1,986 thousand (previous year: €2,112 thousand), expenses for freelance staff of €1,579 thousand (previous year: €1,365 thousand) and expenses for server hosting, IT administration and traffic of €1,259 thousand (previous year: €1,517 thousand). A further major item are payment processing costs of €1,894 thousand (previous year: €1,430 thousand).

### Depreciation

The depreciation of €10,937 thousand (previous year: €2,426 thousand) comprises depreciation of € 5,539 thousand (previous year: €2,426 thousand) and impairments of €5,398 thousand (previous year: €0 thousand) recognized in relation to intangible assets, property, plant and equipment and financial assets.

The impairments relate mainly to the goodwill of Socialmedian Inc., (€2,994 thousand) and XING Hong Kong (€484 thousand) as well as billing software which is no longer used for payments (€1,409 thousand).

The largest items were depreciation on self-developed software (€1,883 thousand; previous year: €860 thousand), on other intangible assets (€1,715 thousand; previous year: €447 thousand) and on acquired software (€1,315 thousand; previous year: €438 thousand).

### Financial income and financial expenses

The generated financial income of €322 thousand in 2009 is mainly attributable to dividend payments (€165 thousand) of an equity participation and the investment of overnight money (€131 thousand; previous year: €1,165 thousand). The decline compared with the previous year is mainly attributable to the preference for risk-free investments and the generally low level of interest rates on the market.

Financial expenses of €37 thousand were incurred in financial 2009 (previous year: €20 thousand).

### Taxes on income

Taxes on the result of ordinary operations comprise the current tax expenses and also the deferred tax expenses. The current taxes are determined by the companies of the XING Group in accordance with national tax law applicable at their domicile.

In 2009, a provision was also created for tax audit risks from previous years, resulting in an above average increase in income tax expenses.

As of December 31, 2008, the tax assets of XING AG on existing loss carry-forwards are completely expended. In Spain there are tax losses carried forward of approx. €1.25 million (previous year: approx. €1.2 million). In Spain, loss carry-forwards can be carried forward and utilized for 15 years.

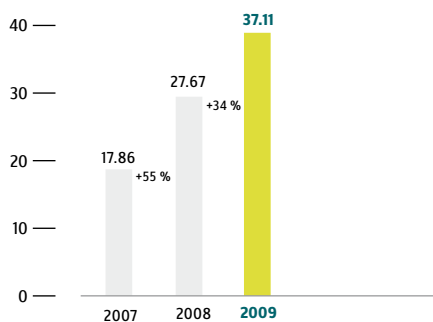
## Development in the segments

### "Subscriptions"

Last year, most revenues of XING AG were again attributable to the Premium Membership segment which has been established since 2003. At the end of 2009, 687 thousand XING users had decided to use extended membership in order to be able to use the platform and the related functions more actively than Basic members. Accordingly, the number of Premium Members increased during the year by 25 percent or 136 thousand.

#### Revenues from Subscriptions

in millions €



The company modified its price structure at the end of 2008/start of 2009. Members who had previously decided to use the longer durations of twelve or 24 months received one or two free months at the end of their contract period. The company realized that it had thus only slowly met its objective of convincing members to use longer contract terms. In the winter of 2008, XING AG therefore decided to introduce a new price model in order to ensure that the mainstay of the company's earnings would become even more sustainable and viable in the future. Since December 2008, there has been a model with three different Premium Memberships, in which the longer contract terms in particular have an increased incentive effect due to their attractive form. The short membership of three months has cost €6.95 per month since the change. For a twelve-month member, XING AG charges €5.95 (unchanged). The longest membership term, namely 24 months, costs €4.95. XING members continue to pay their subscriptions in advance.

According to the company, revenues of online job exchanges in Germany fell by around 30 percent last year; however, thanks to its innovative performance-based business model, XING AG has boosted e-Recruiting revenues appreciably compared with the previous year (by 11 percent).

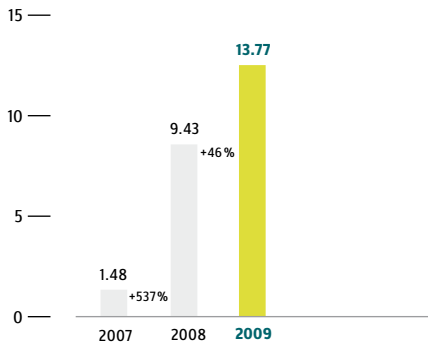
The new price models have been very well received by members. Since the adjustment, the number of members who have decided to use the longest membership term has more than tripled. This development has considerably exceeded the internal expectations regarding the new price model. The subscriptions paid in advance have further boosted the working capital of XING AG and have increased operating cash flow. Accordingly, revenues in the "Subscriptions" segment increased from €27.7 million in 2008 to € 37.1 million in the period under review.

#### "e-Recruiting"

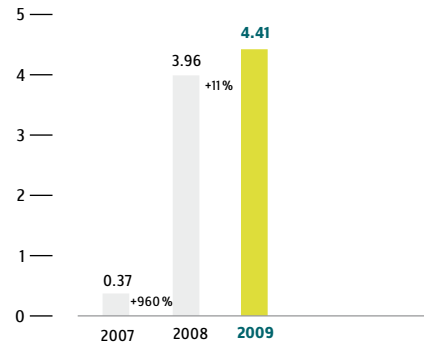
The second mainstay of earnings at the XING Group was restructured when the financial statements for 2009 were prepared. Accordingly, the Best-Offers were reclassified to "Advertising" at the end of the year. Recruiter Membership was allocated to "e-Recruiting" at the end of the year. However, in the fourth quarter of 2009, no significant revenues were generated with these Premium Memberships because they had only been marketed since the beginning of 2009. Accordingly, most of the total of €4.39 million revenues was still generated with the performance-based "Pay per Click" model. The company raised the net click price from around €0.41 to €0.59 as of September 1, 2009, and was thus able to stabilize revenues at the level of the previous quarter in a weak fourth quarter of 2009 due to seasonal factors and the macro-economic situation. According to the company, revenues of online job exchanges in Germany fell by around 30 percent last year; however, thanks to its innovative performance-based business model, XING AG has boosted e-Recruiting revenues appreciably compared with the previous year (by 11 percent). In the fourth quarter of 2009, XING AG launched new services and enhanced products for the XING "Jobs" portal in order to develop new target groups in future and to establish a broader client base for online job marketing. Advertisers are accordingly able to choose between the innovative click-price posting and, since the beginning of November 2009, a fixed-price version in three different forms. The prices for the new ad formats are between €395 and €495 per advert, for a period of 30 days.

**"Jobs" clicks**

in millions

**Revenues from e-Recruiting**

in millions



A further new development is Recruiter Membership for professional personnel advisers and decision-makers. New search criteria can be selected with this membership with immediate effect. Filters which have been optimized specifically for personnel recruitment, such as "career level", "professional experience", "company size" and "sector", enable the results to be limited to the desired number of most suitable profiles. With one click, personnel decision-makers are able to view up to 1,000 potential candidates for filling a position.

**"Advertising"**

As was the case with "e-Recruiting", the third mainstay of earnings "Advertising" was restructured when the financial statements 2009 were prepared. These activities now comprise traditional online advertising revenues and also revenues from "Best Offers", the company profiles as well as the enterprise groups. In order to enable appropriate comparisons to be made, the previous four quarters have been retrospectively adjusted. The new company profiles did not generate any significant revenues in the financial year 2009. According to the company, net growth for the market of display online advertising was between 0 and 3 percent in 2009. This is due to various factors, including the excess supply of inventory and increasing efficiency pressure and performance orientation.

## Financial position of the XING Group

### Shareholders' equity and liabilities

Since being initially established, XING has financed its operations almost exclusively out of equity and the prepaid member subscriptions of Premium Members.

As in the previous year, XING AG did not lease any new IT hardware or software in 2009. As was the case in the previous year, there are no bank borrowings or other loans.

The equity ratio was 65.3 percent in the last financial year compared with 70.0 percent in 2008. This means that XING AG continues to be in an excellent position to cope with future growth. Absolute equity has increased slightly, and the decline in the ratio is exclusively attributable to the increase in total assets.

Shareholders' equity still provides considerable cover for long-term assets (175.2 percent; previous year: 194.1 percent). The surplus of the short-term assets over the short-term liabilities is 210.5 percent (previous year: 241.6 percent). The development of the surpluses shows that XING is increasingly investing available equity into long-term assets.

Absolute equity has increased slightly, to 65.1 percent, and the decline in the ratio is exclusively attributable to the increase in total assets.

### Cashflow

#### Cashflow from operating activities

In financial 2009, cashflow from operating activities amounted to €14.061 thousand compared with € 17,731 thousand in the financial year 2008. In addition to Group profit, prepaid member subscriptions (increase of €5,926 thousand in deferred income) accounted for the positive operating cash flow. The decline of €3,670 thousand compared with the previous year was mainly attributable to the income tax paid for the first time in 2009 (€2,009 thousand), the reduction in liabilities and the simultaneous increase in receivables (€3,104 thousand).

#### Cashflow from investing operations

The main investments in the financial year 2009 were the acquisition of Socialmedian Inc., Wilmington, USA (€3,435 thousand) and of self-developed software (€3,541 thousand). In addition, development know how of epublica GmbH was acquired (€2,450 thousand).

Spending for the acquisition of property, plant and equipment, mainly relating to IT hardware (e.g. servers), was slightly lower than in the previous year (€1,361 thousand compared with €1,498 thousand).

Investments in other financial assets mainly related to the interest of the company "Kennst du einen" with € 26 thousand. In the previous year, investments in other financial assets totalling €24 thousand were also due to "Kennst du einen".



### Cashflow from financing operations

During the financial year 2009, the company received proceeds from a capital increase of €1,046 thousand less issue costs of €36 thousand. Outflows from financing operations occurred mainly through the share buyback (€949 thousand; previous year: €2,092 thousand) and the repayment of financial leasing liabilities.

## Net assets of the XING Group

As of the balance sheet date December 31, 2009, liquid assets accounted for 53.1 percent (previous year: 57.3 percent) of the net assets of the Group (€42,862 thousand) with a balance sheet total of €80,748 thousand. The only slight decline in liquid assets from €42,922 thousand as of December 31, 2008 to €42,862 thousand as of December 31, 2009, despite considerable outflows (€13.9 million; previous year: €10.3 million) for investments in 2009, is mainly attributable to a further increase in customer payments.

Both long-term and short-term assets have increased. The portion of long-term assets in the balance sheet total has risen by 1.3 percent to 37.3 percent (previous year: 36.0 percent). The portion of short-term assets has decreased accordingly to 62.7 percent (previous year: 64.0 percent).

The increase in long-term assets (€+3.1 million; previous year: €+7.9 million) is due to the increase of intangible assets (€+12.7 million; previous year: €+10.5 million). On the one hand, investments consist of acquired and self-developed software (€+6.5 million; previous year: €+5.3 million), mainly in the further development of the XING platform, and on the other hand of development know how acquired from epublica GmbH (€3.5 million). This was opposed by the depreciation and in particular the impairment recognized in relation to the billing system (€1.5 million; previous year: €0 thousand) as well as Socialmedian (€3.1 million; previous year: €0 million) and XING Hong Kong (€0.5 million; previous year: €0 thousand).

Receivables for services of €6,478 thousand (previous year: €3,345 thousand) consist mainly of receivables from member subscriptions from Premium Members. The increase in receivables is outstripping the growth in revenues as a result of the terms of payment of the new credit card acquirer. The remaining assets consist primarily of deferred advance payments for services.

As of the balance sheet date December 31, 2009, liquid assets accounted for 53.1 percent (previous year: 57.3 percent) of the net assets of the Group.

## Overall statement on the economic position

The company generated a negative IFRS Group result of €1.7 million in 2009; however, this was attributable mainly to a deliberate policy of investments as well as one-off exceptional depreciation. XING AG has a scalable business model which generates cashflow and, with 687 thousand subscribers, has created a sound base for investing in new segments (online job marketing with XING "Jobs" and also the "Company Profiles"). In this way, the company has created new revenue sources for the future and has ensured that its business is now based on several mainstays.

With an equity ratio of approx. 65 percent as of December 31, 2009, XING is mainly financed by equity; this means that the company is also in a strong position to survive any possible negative developments without any major problems. The cashflow margin (cashflow from operating activities/service revenues) of over 51 percent (previous year: 51 percent) is running at a high level. For many years now, this has been demonstrating the value of the business and permits further investments in growth.

## Employees and non-financial indicators of performance

In the year 2009, the number of employees of the XING Group rose from 174 to 265. The professional approach, selection, recruitment and familiarization of the new employees was a major challenge for all areas of the company. The company's headquarters in Hamburg now employs 241 persons from 25 nations. This allows XING to approach the international member base at any time in a qualified manner and to offer competent customer service in multilingual context.

In addition to job adverts, the personal network of the employees and the successful deployment of the XING "Jobs" platform, the company also worked with personnel agencies for recruitment last year. The recruitment of experienced managers enabled the company to achieve a major advance in terms of productivity and speed of growth. The experienced new arrivals are also an advantage for the existing employees. In particular, they enable the junior positions to directly improve their own skills in day-to-day operations. This "direct learning" cannot be substituted by individual seminars and training sessions alone.

The company has implemented the key personnel changes in its Executive Board: There is a new CEO in the person of Dr. Stefan Groß-Selbeck, Ingo Chu took up his position as CFO in the summer of 2009, and Dr. Helmut Becker arrived at XING as the Director responsible for Marketing and Sales in September 2009. Following these personnel changes, the organization structure of the company has also been further adjusted to reflect the more stringent requirements.

During the reporting period, employee motivation and satisfaction continued to be a central focus of the Human Resources team at XING AG. The questionnaire "Great Place to Work Institute" established that the employees of XING AG are very satisfied in their teams, with their tasks and their working environment, but that they would like to see better social benefits and opportunities for development. This has accordingly defined the tasks facing personnel work for the year 2010.

The company's headquarters in Hamburg now employs 241 persons from 25 nations. This allows XING to approach the international member base at any time in a qualified manner and to offer competent customer service in multilingual context.

## Other disclosures

### Remuneration report

The remuneration report details the amount and structure of Executive Board earnings, and summarizes the principles used as the basis for the remuneration of the XING AG Executive Board. It also contains information on the principles and amount of Supervisory Board remuneration. The compensation report also includes information concerning the shareholdings of the Executive Board and of the Supervisory Board. Because the remuneration report is based on the recommendations of the German Corporate Governance Code and because it includes disclosures in accordance with Section 315 (2) no. 4 HGB, this extensive report can be found in the chapter "Corporate Governance" and is at the same time an integral component of this report.

### Acquisition activities as per Section 315 (4) of the German Commercial Code (HGB) and explanatory report by the Executive Board as per Section 176 (1) line 2 of the German Companies Act (AktG)

The following details in according with Section 315 (4) HGB describes the situation as of the balance sheet date. The following explanation of this information also meets the requirements of an explanatory report as per Section 176 (1) line 1 of the German Companies Act (AktG).

#### Subscribed capital

The subscribed capital of the company of €5,272,447 comprises 5,272,447 no-par value registered shares, each granting the same rights - and in particular each granting the same voting rights. Each no-par value share confers one vote in the shareholders' meeting. This is not applicable for 112,832 treasury shares which are held by the company and which do not entitle the company to any rights. The rights and obligations associated with the shares result from the rulings of the Aktiengesetz (German Companies Act), and in particular Sections 12, 53a et seq., 118 et seq. and 186 AktG. Different categories of shares do not exist.

#### Restrictions with regard to voting rights or the transfer of shares

The Executive Board is not aware of any restrictions which might affect the voting rights or transfers of shares.

#### Interests in the capital of the company of more than 10 percent of the voting rights

As of December 31, 2009, the company was aware of a stake of 25.1 percent of the voting rights of XING AG held by Hubert Burda Digital GmbH, Munich. As of December 31, 2008, the Chairman of the Executive Board Lars Hinrichs directly and indirectly owned a total of 27.7 percent of the capital and voting rights of XING AG.

The company is not in possession of any further information or notifications in accordance with Sections 21f WpHG (Wertpapierhandelsgesetz; German Securities Trading Act) concerning shareholders who directly and/or indirectly hold more than 10 percent of the capital and voting rights.

#### Appointment and dismissal of members of Executive Board/changes to the Articles of Incorporation

Any appointment and dismissal of members of the Executive Board is subject to Sections 84, 85 AktG as well as point 7 of the Articles of Incorporation in the version of May 28, 2009. In accordance with point 7 (1) of the Articles of Incorporation, the Executive Board consists of one or several persons. The Supervisory Board determines the number of members of the Executive Board. The Articles of Incorporation do not include any special rules for the appointment and dismissal of individual or all members of the Executive Board. Any such appointment and dismissal are the responsibility of the Supervisory Board.

Changes to the Articles of Incorporation are made in accordance with Sections 179, 133 AktG. The Articles of Incorporation have not taken advantage of the option of specifying further requirements applicable for changes to the Articles of Incorporation. Unless otherwise specified by mandatory statutory regulations, the resolutions of the shareholders' meeting are adopted with a simple majority of the votes which are cast and, if the law specifies a capital majority in addition to the majority of votes, with a simple majority of the share capital represented at the point at which the resolution is adopted. In accordance with point 5.3 to 5.6 and 18 of the Articles of Incorporation in the current version of May 28, 2009, the Supervisory Board is authorized to make changes to the Articles of Incorporation only relating to the version.

#### Powers of the Executive Board to issue and repurchase shares

The powers of the Executive Board of the company to issue or repurchase shares are all based on corresponding authorization resolutions of the shareholders' meeting, the contents of which are detailed in the following.

#### Authorized capital 2006

The Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital in full or in part and on one or more occasions by a total of up to €1,855,777.00 in the period until October 31, 2011, by issuing up to 1,855,777 new no-par value registered shares against cash and/or non-cash contributions (authorized capital 2006). In the case of a capital increase against cash contributions, shareholders must be granted subscription rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude fractions from shareholders' subscription rights and to exclude shareholders' subscription rights to the extent that this is necessary to ensure that the holders of warrants, convertible bonds or warrant-linked bonds issued by the company or subordinate Group companies in Germany or abroad can be granted subscription rights for new shares to the extent that they would be entitled if they exercised their options or conversion rights or the company met its conversion obligations. The Executive Board is also authorized, with the approval of the Supervisory Board, to exclude the subscription rights of the shareholders if the issue amount of the new shares, in accordance with Sections 203 (1) and (2), 186 (3) line 4 AktG, is not significantly lower than the market price of the already listed shares of the same category and rights at the point at which the issue amount is definitively fixed by the Executive Board and if the shares issued in accordance with Section 186 (3) line 4 AktG in total do not exceed 10 percent of the share capital existing at the point at which the authorization is registered or - if lower - the share capital existing at the point at which the new shares are issued. Shares which have

been sold or issued with the exclusion of shareholders' subscription rights as a result of other authorizations pursuant to the direct or corresponding application of Section 186 (3) line 4 AktG have to be netted against this limit. The subscription right of shareholders is excluded in the case of capital increases in return for non-cash contributions, and in particular in conjunction with the acquisition of companies or equity participations or assets. The Executive Board is authorized, with the approval of the Supervisory Board, to define the further contents of the share rights and the conditions of the equity issue.

With the approval of the Supervisory Board, the Executive Board took advantage of this authorization in April 2009, and increased the share capital by €70,073 by way of issuing 70,073 new no-par value registered shares. After the capital increase, the authorized capital 2006 amounted to only €1,855,777.00 whereas it had previously been €1,925,850.00.

#### Authorized capital 2008

Pursuant to the resolution of the shareholders' meeting of May 21, 2008, the Executive Board has been authorized to increase the share capital by up to €675,000.00, with the approval of the Supervisory Board, by May 20, 2013 by way of a single or multiple issue of up to 675,000 new no-par-value registered shares in return for cash and/or non cash contributions (authorized capital 2008). The shareholders must be provided with a subscription right. The new shares can be taken up by one or several credit institutions specified by the Executive Board on condition that they offer these shares to the shareholders (indirect subscription rights). The Executive Board is however authorized, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights: (i) in order to eliminate fractions; (ii) if the shares are issued in return for a non-cash contribution, particularly as part of the acquisition of or merger with companies or parts of companies or the acquisition of equity participations in companies; (iii) if the shares of the company are issued in return for a cash contribution and the issue price per share is not significantly lower than the already listed shares of essentially the same class at the time at which the shares were issued. In this case however, the shareholders' subscription rights can only be excluded if the number of shares issued in this way together with the number of treasury shares which are sold during the period of this authorization with the exclusion of shareholders' subscription rights pursuant to Section 186 (3) line 4 AktG and the number of shares which can arise as a result of the exercising of option and/or conversion rights or fulfillment of conversion obligations arising from option and/or convertible bonds and/or profit sharing rights and which are issued during the period of this authorization with the exclusion of shareholder subscription rights pursuant to Section 186 (3) line 4 AktG as well as the number of shares which are issued out of authorized capital 2006 with the exclusion of shareholders subscription rights pursuant to Section 186 (3) line 4 AktG do not exceed 10 percent of the share capital at the time at which this authorization becomes effective or at the time at which the shares are issued.

With the approval of the Supervisory Board, the Executive Board is authorized to define the contents of the share rights, the details of the capital increase as well as the terms of the share issue, and in particular the issue amount.

The Executive Board has so far not taken advantage of this authorization which has been granted to it.

### Contingent capital I 2006

Pursuant to the resolution of the shareholders' meeting of November 3, 2006, the share capital of the company is contingently increased by €288,822.00 by issuing up to 288,822 new no-par value registered shares (contingent capital I 2006). The purpose of the contingent capital I 2006 is to act as security for subscription rights from stock options which were issued by the company within the framework of the stock option plan 2006 on the basis of the authorization of the shareholders' meeting of the company of November 3, 2006, with due consideration being given to the changes adopted by the resolution of the shareholders' meeting of the company of November 21, 2006 and of May 28, 2009. The contingent capital increase will only be implemented to the extent that stock options of the above-mentioned stock option plan are issued, the holders of these stock options exercise their subscription rights for shares of the company, and the company does not offer treasury shares or cash settlement.

The shares are issued out of the contingent capital I 2006 at the issue price fixed pursuant to the resolution of the shareholder's meeting of the company of November 3 regarding point 6 letter c) letter e) to 6 of the agenda with due consideration being given to the changes pursuant to the resolution of the shareholders' meeting of the company of November 21, to point 2 of the agenda and the resolution of the shareholders' meeting of May 28, 2009 to point 10 letter a) point (3) of the agenda. The new shares participate in the profit from the beginning of the financial year for which, at the time at which the subscription right is exercised, no resolution of the shareholders' meeting has yet been adopted with regard to the appropriation of the cumulative profit.

The contingent capital I 2006 was partially suspended pursuant to the resolution of the shareholders' meeting of May 28, 2009, and amounted to €200,822.00. The share capital has been increased by € 674.00 as a result of issuing 674 subscription shares in June 2009 with a nominal value of €674.00. The contingent capital I 2006 is thus €200,148.00.

### Contingent capital II 2006

Pursuant to a resolution of the shareholders' meeting of November 3, 2006, the share capital of the company is contingently increased by a total of €1,540,680.00 by issuing up to 1,540,680 new no-par value registered shares (contingent capital II 2006). The contingent capital II 2006 serves exclusively to ensure that new shares can be issued to the holders of options or conversion rights granted by the company or companies in which the company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the shareholders' meeting on November 3, 2006 under agenda item 7 letter (a). The new shares will be issued at the conversion or option price to be determined in accordance with this resolution. The contingent capital increase will only be implemented to the extent that the holders of the conversion or option rights take advantage of their conversion or option rights or comply with the conversion obligations arising from such debt instruments. Provided that they are created before the start of the general shareholders' meeting, the shares participate in profit from the start of the preceding financial year. Otherwise, they will participate in profit from the start of the financial year in which they are created.

The company has so far not taken advantage of the authorization to issue convertible or option bonds.



### Contingent capital 2008

Pursuant to the resolution of the shareholders' meeting of May 21, 2008, the share capital of the company is contingently increased by €231,348 by issuing up to 231,348 new no-par value registered shares (contingent capital I 2008). The purpose of the contingent capital 2008 is to act as security for subscription rights from stock options which were issued by the company within the framework of the stock option plan 2008 on the basis of the authorization of the shareholders' meeting of the company of May 21, 2008, with due consideration being given to the changes pursuant to the resolution of the shareholders' meeting of May 28, 2009. The contingent capital increase will only be implemented to the extent that stock options of the above-mentioned stock option plan are issued, the holders of these stock options exercise their subscription rights for shares of the company, and the company does not offer treasury shares or cash settlement. The shares are issued out of contingent capital 2008 at the price defined pursuant to the resolution of the shareholders' meeting of May 21, 2008 to point 7 letter c) point (5) of the agenda, with due consideration being given to the changes pursuant to the resolution of the shareholders' meeting of May 28, 2009 to point 10 letter a) point (3) of the agenda.

The new shares will carry a dividend entitlement from the beginning of the financial year in which they are issued.

The contingent capital 2008 was partially suspended pursuant to a resolution of the shareholders' meeting of May 28, 2009, and now amounts to €129,137.00 €.

### Contingent capital 2009

Pursuant to a resolution of the shareholders' meeting of May 28, 2009, the share capital of the company is contingently increased by up to a total of €197,218.00 by issuing up to 197,218 no-par value registered shares (contingent capital II 2009). The purpose of the contingent capital 2009 is to act as security for subscription rights from stock options which were issued by the company as part of the stock option plan 2009 on the basis of the authorization of the shareholders' meeting of the company of May 28, 2009. The contingent capital increase will only be implemented to the extent that stock options of the above-mentioned stock option plan are issued, the holders of these stock options exercise their subscription rights for shares of the company, and the company does not offer treasury shares or cash settlement. The shares are issued out of contingent capital 2009 at the exercise price defined pursuant to the resolution of the shareholders' meeting of May 28, 2009 to point 11 letter d) point (5) of the agenda.

The shares will carry a dividend entitlement from the beginning of the financial year in which they are issued.

As of December 31, 2009, a total of 369,487 stock options from the stock option program 2006, 2008 and 2009 which had not expired or which had not already been exercised had been issued to employees, senior executives and the Executive Board.

### Authorization to purchase treasury shares

Pursuant to the resolution of the shareholders' meeting of May 28, 2009, and in view of the cancellation of the previous resolution of May 21, 2008, the Executive Board was authorized to purchase treasury shares as follows:

#### a) Authorization to purchase treasury shares

Until November 27, 2010, the Executive Board is authorized to purchase treasury shares up to a total of 10 percent of the company's share capital which exists at the time at which the resolution is adopted. The shares purchased in this way, together with other treasury shares which are owned by the company or which are attributable to the company in accordance with Sections 71a et seq. AktG must not at any time exceed 10 percent of the share capital. This authorization must not be used for the purpose of trading treasury shares.

The authorization can be utilized in part or in whole, on one or more occasions, for one or more purposes, by the company or by enterprises which are dependent on the company or which are majority owned by the company, or by third parties acting for their account or for the account of the company.

#### b) Types of acquisition

The Executive Board may decide to purchase the shares (1) via the stock exchange or (2) on the basis of a public offer directed to all shareholders or on the basis of a public invitation directed to all shareholders to submit offers to sell the shares.

- (1) If the shares are purchased via the stock exchange, the purchase price per share paid by the company (excl. ancillary purchase costs) must not differ by more than 10 percent from the price in the Xetra trading system (or an equivalent successor system) on the Frankfurt stock exchange determined on the market trading day by the opening auction.
- (2) If the shares are purchased on the basis of a public offer directed to all shareholders or on the basis of a public invitation directed to all shareholders to submit offers to sell the shares,
  - the purchase price share which is offered in the event of a public offer directed to all shareholders (excl. ancillary purchase costs) or
  - the limits of the purchase price range fixed by the company in the event of a public invitation directed to all shareholders to submit offers to sell the shares (excl. ancillary purchase costs)
 must not differ by more than 10 percent from the average of the closing prices of the shares of the company in the Xetra trading system (or an equivalent successor system) on the Frankfurt stock exchange during the five market trading days prior to the day of the public announcement of the public offer or the public invitation to submit offers to sell the shares.

If there are considerable changes to the relevant price after the publication of a public offer directed to all shareholders or after a public invitation directed to all shareholders to submit offers to sell the shares, the purchase offer or the invitation to submit offers to sell the shares can be adjusted. In this case, the price will be based on the average of the closing prices of the shares of the company in the Xetra trading system (or an equivalent successor system) on the Frankfurt stock exchange during the five market trading days prior to the public announcement of the adjustment.

If a public offer directed to all shareholders is oversubscribed, it can only be accepted on a scaled-down basis. If several equivalent offers are submitted in the event of a public invitation directed to all shareholders to submit offers to sell the shares, and if not all of these equivalent offers can be accepted, the offers will only be accepted on a scaled-down basis.

Small lots of up to 100 shares per shareholder may be accepted on a preferential basis.

The public offer directed to all shareholders or the public invitation directed to all shareholders to submit offers to sell the shares may specify further conditions.

c) Use of treasury shares

With the approval of the Supervisory Board, the Executive Board is authorized to use the treasury shares purchased on the basis of this authorization for all lawful purposes, and in particular for the following purposes:

- (1) The shares can be retired without such retirement or the performance of such action requiring a further resolution of the shareholders' meeting. They can also be retired in a simplified procedure without a capital reduction by adjusting the proportionate theoretical interest of the other shares in the company's share capital. If the shares are retired using the simplified procedure, the Executive Board is authorized to adjust the number of shares in the articles of incorporation.
- (2) The shares can also be sold in ways other than via the stock exchange or on the basis of an offer to all shareholders if the purchase price to be paid in cash is not significantly lower than the market price of the already listed shares with essentially the same rights. The number of shares which are sold in this way, together with the number of new shares which are issued out of authorized capital with the exclusion of shareholders' subscription rights in accordance with Section 186 (3) line 4 AktG during the period covered by this authorization and the number of shares which can be created as a result of the exercising of option and/or conversion rights or fulfillment of conversion obligations from option and/or convertible bonds and which are issued with the exclusion of shareholders' subscription rights in accordance with Section 186 (3) line 4 AktG during the period covered by this authorization must not exceed 10 percent of the share capital.
- (3) The shares can be sold in return for a non-cash contribution, particularly also in connection with the acquisition of companies, parts of companies or equity participations in companies as well as mergers of companies.

- (4) The shares can be used by the Executive Board or - if the Executive Board is a beneficiary - by the Supervisory Board for serving subscription rights relating to shares of the company which have been granted or which will be granted to members of the Executive Board of the company, selected senior executives, other key members of staff and employees of the company, as well as members of management, selected senior executives, other key members of staff and employees of enterprises which are affiliated with the company in accordance with Section 15 of the Aktiengesetz.
- within the framework of the stock option plan 2006, which was authorized to be issued by the shareholders' meeting of November 3, 2006 pursuant to the resolution regarding point 6 of the agenda, most recently modified by the resolution of the shareholders' meeting of November 21, 2006 to point 2 of the agenda and, if the shareholders' meeting of May 28, 2009 approves the proposed resolution concerning the following point 10 of the agenda, also modified by the resolution of the shareholders' meeting of May 28, 2009 regarding point 10 of the agenda, or
  - within the framework of the stock option plan 2006, which was authorized to be issued by the shareholders' meeting of May 21, 2008 by the resolution regarding point 7 of the agenda and, if the shareholders' meeting of May 28, 2009 approves the proposed resolution regarding the following point 10 of the agenda, also modified by the resolution of the shareholders' meeting of May 28, 2009 regarding point 10 of the agenda, or
  - if the shareholders' meeting of May 28, 2009 approves the proposed resolution regarding the following point 11 of the agenda, within the framework of the stock option plan 2009, which was authorized to be issued by the shareholders' meeting of May 28, 2009 by the resolution regarding point 11 of the agenda.

The key aspects of the stock option plans 2006 and 2008 were adopted in the annual general meetings of November 3 and 21, 2006 as well as May 21, 2008. Extracts from the notarial copies of the shareholders' meetings of November 3 and 21, 2006 and also from the letter convening the shareholders' meeting of XING AG of May 21, 2008 published on April 11, 2008 in the electronic Federal Gazette, together with the resolutions adopted with regard to the stock option plans 2006 and 2008, are printed following this agenda. Because the option terms of the stock option plans 2006 and 2008 are to be modified by a resolution of the shareholders' meeting of May 28, 2009, further details also result from the proposed resolution concerning the following point 10 of the agenda of the shareholders' meeting of May 28, 2009. The key aspects of the stock option plan 2009 are to be adopted with regard to the following point 11 of the agenda of the shareholders' meeting of May 28, 2009.

- (5) The shares can be offered for sale, or transferred, to persons who are employed by the company or an enterprise affiliated with the company in accordance with Section 15 AktG, subject to a shut-out period of not less than two years. They can also be offered for sale or transferred to members of the Executive Board of the company or members of the management of an enterprise affiliated with the company in accordance with Section 15 AktG subject to a shut-out period of not less than two years. If members of the Executive Board of the company are beneficiaries, the Supervisory Board is responsible for selecting the beneficiaries and determining the volume of shares to be granted to them.

The authorizations detailed in the above can be utilized on one or more occasions, in part or in whole, individually or jointly. The authorizations detailed under (2) and (3) can also be used by dependent enterprises or enterprises which are majority owned by the company or by third parties acting for their account or for the account of the company.

The shareholders' subscription rights relating to the treasury shares purchased on the basis of this authorization are excluded if these shares are used in accordance with the authorizations detailed above under (2), (3), (4) and (5).

#### Compensation agreements of the company with members of the Executive Board of employees to cover the case of a take-over bid

To cover the case of a change in the ownership conditions of the company involving an obligation to submit a take-over bid (change of control), XING AG granted upon request a cash settlement to the member of the Executive Board Burkhard Blum for the stock options which had not become exercisable at the point at which the agreement was terminated. With the departure of the member of the Executive Board Burkhard Blum, this regulation is no longer applicable. In addition, the company grants to the CEO Stefan Groß-Selbeck a temporary special right of termination which can be exercised under further conditions as well as the payment of the capitalized total annual remuneration (basic salary, target bonus assuming success in meeting 100 percent of targets and ancillary benefits) for the remaining term of his service agreement, and at least for one and a half years. Under comparable conditions, the member of the Executive Board Ingo Chu shall receive a severance payment equivalent to max. two times his basic salary and bonus, assuming success in meeting 100 percent of targets. In this case, the members of the Executive Board Stefan Groß-Selbeck and Ingo Chu will receive a cash settlement for the stock options which cannot be exercised upon termination of their employment agreement, whereby the calculation base for the CEO Stefan Groß-Selbeck is increased by 50,000 options if his employment agreement is terminated in the third or fourth year of his appointment.

#### Further disclosures

The other information required in accordance with Section 315 (4) HGB relate to circumstances which do not exist at XING AG. There are no holders of shares with special rights conferring control powers, nor are there any voting right controls attributable to employees owning a share of the company's capital, nor are there any major agreements which are subject to the condition of a change of control following a take-over bid.

#### Explanation concerning management in accordance with Section 289a HGB

Please refer to our explanations in the corporate governance report which can be viewed on the website of XING AG under the link <http://corporate.xing.com/deutsch/investor-relations/corporate-governance/>.

## Risk report

Permanent monitoring and management of risks is one of the key tasks of a listed company. For this purpose, the company has implemented the risk early recognition system required in accordance with Section 91 (2) AktG, and continuously develops it within the context of the current market and company situation. As was the case in the previous year, the auditor of the consolidated financial statements again confirmed the functionality of the system.

### Principles of risk management

Each individual employee is required to avert potential damage from the company. His task is to immediately remove all risks in his own area of responsibility and to immediately notify the corresponding contacts in the event of any indications of existing risks or risks which might be arising. An essential requirement in this respect is knowledge of the risk management system and maximum risk awareness of employees. For this reason, XING familiarizes its employees with the risk management system in regular introductory events and also with the aid of information material, and draws their attention to the significance of risk management.

The company continuously identifies and analyzes potential risks. The risks which are identified are systematically evaluated on the basis of the probability of occurrence and the expected potential damage. Two comprehensive risk inventories were carried out in 2009; existing risks were considered and were partially revalued, and new potential risks were identified. In addition, the persons responsible for risk management and senior executives were regularly questioned with regard to the status of existing risks and with regard to the identification of new risks.

### Internal control system in accordance with Section 315 (2) no. 5 HGB

As a capital market oriented corporation, we are obliged to describe the key features of the internal control and risk management system with regard to the accounting process.

We consider the internal control and risk management system to be a comprehensive system, and use the definitions of the Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf, concerning the accounting-related internal control system and the risk management system. An internal control system is defined as the principles, procedures and measures which have been introduced by management in the company, and which are designed to ensure the organizational implementation of the decisions of management

- for ensuring the effectiveness and efficiency of business operations (this also includes protection of assets, including the prevention and identification of asset losses),
- regarding the adequacy and reliability of internal and external accounting as well as
- for complying with the legal regulations which are relevant for the company.

The risk management system comprises all organizational rules and measures for recognizing risk and for handling the risks associated with business activities.



The following structures and processes are implemented at XING AG with regard to the accounting processes of the integrated companies and the Group accounting process:

The Executive Board of the Group bears overall responsibility for the internal control and risk management system with regard to the accounting processes of the integrated companies and the Group accounting process. All companies integrated in the consolidated financial statements are involved via a defined management or reporting organization. In this reporting organization, the Group Executive Board is (constantly) provided with information regarding the following measures: Definition of the risk fields which may result in developments which pose a risk to the continued existence of the company as a going concern; risk recognition and risk analysis; risk communication; allocation of responsibilities and duties; establishment of a monitoring system; documentation of the measures which are taken. In addition, this reporting organization defines that major risks are reported immediately to the Group Executive Board when they occur.

The principles, the structure and procedure organization as well as the processes of the accounting-related internal control and risk management system are recorded in guidelines and organizational instructions throughout the Group; these are adapted and brought into line with current external and internal developments at regular intervals.

With regard to the accounting processes of the integrated companies and the Group accounting process, we consider that those features of the internal control and risk management system which can have a major impact on Group accounting and the overall statement of the consolidated financial statements including the Group management report are of crucial importance. These comprise in particular the following elements:

- Identification of the main risk fields and control areas which are relevant for the Group-wide accounting process;
- Monitoring controls for monitoring the Group-wide accounting process and the related results at the level of the Group Executive Board and also at the level of the companies included in the consolidated financial statements;
- Preventative control measures in the financial and accounting systems of the Group and of the companies included in the consolidated financial statements, as well as in operational management processes which generate major information for preparing the consolidated financial statements including the Group management report, including functional segregation and pre-defined approval processes in relevant areas;
- Measures which are designed to ensure proper EDP-based processing of accounting-relevant issues and data;
- The tasks of the internal audit system for monitoring the accounting-relevant internal control and risk management system are not carried out by an "internal audit" staff department; instead, this is the responsibility of the Controlling and Accounting departments. In addition, the Supervisory Board has arranged for additional audit actions to be carried out by the auditor.
- In relation to the Group-wide accounting process, the Group has also implemented a risk management system which comprises measures for identifying and measuring major risks as well as appropriate measures for limiting risk in order to ensure the adequacy of the consolidated financial statements.

The Executive Board and Supervisory Board also continuously assess options of further developing the procedures of the risk management system.

## Strategic risks

### Payment and receivables management

Because payment defaults would result in loss of revenues, the efficient billing of payments and the entire receivables management are extremely important for the company. XING constantly analyzes and optimizes the corresponding internal and external processes. The company combats the risks resulting from using external service providers by means of the legal form of the respective partnerships. Appropriate contract forms in particular ensure that the reliance on service providers is minimized, the necessary service standards are met and that the risk of technical failures is minimized.

### Market and sales risks

XING AG competes with companies which offer similar services. New competitors may also arrive on the market in future. Revenues would probably be negatively affected if XING AG were to lose customers to these competitors. Competitors might be able to offer services which are superior to the services which are offered by XING AG.

In addition to the direct competition posed by social networks, further competitors may also arise as a result of companies which are closely related to the sector. These include search engines which extend their portfolio by way of community structures or major portal providers who already have a wide range of users, e.g. by means of e-mail services.

In addition, as a result of strategic co-operations between foreign competitors and companies with extensive reach in the DACH region, competitors might be able to penetrate XING's home market even more rapidly and exert additional pressure on XING growth with their prices and services.

The increasing availability of mobile devices with Internet capability (e.g. iPhone, Nexus One) can also lead to competition from mobile communities.

XING AG is mainly combatting this competition by constantly improving and extending its own services, and also by means of strategic partnerships.

### Risks of customer support

XING AG is continuously expanding its business model to include additional sources of revenues. This policy reduces the company's reliance on membership subscriptions. However, this fact does not involve any departure from the principle of XING AG, whereby customer satisfaction enjoys maximum priority not only with regard to financial success.

Because of XING AG's own stringent requirements regarding the quality of its platform, members expect that the company will refuse to accept any compromises in terms of quality. As a result of the strong identification of many members with XING, the company usually receives direct and rapid feedback with regard to certain processes on the platform and in the case of changes and innovations. This means that XING AG is able to respond promptly where necessary and to avert membership cancellations which would result in losses in terms of revenues.

To minimize risks, a special team of employees has been set up to be responsible for constant quality assurance. This comprises in particular the identification of incorrect profiles and tracing inappropriate or offensive comments on the platform.

In order to take account of the needs of users as comprehensively as possible, the development of new functionalities and changes on the platform are usually accompanied by an interchange of ideas between XING AG and its customers.

### Financial risks

The default risk attributable to receivables from subscriptions of Premium Members was less than 1 percent of the total revenues last financial year, and is thus not of material significance.

A global allowance was created in 2008 to cover the general default risk associated with the receivables from the other areas of operation.

The liquidity risk at XING AG is limited by the fact that the company holds its cash exclusively with banks with a high credit standing and invests only in securities with a high credit rating and liquidity. The main business model of Premium Memberships and corresponding regular cash inflows provide the company with adequate liquidity. In addition, there is also a liquidity preview. This means that the solvency of the company is guaranteed at all times.

## IT risks

### Cooperation with external service providers

XING AG is dependent on external service providers with specialized knowledge and technology to provide services that are crucial to its business activities. This includes the procurement, installation, development and maintenance of hardware and software, data services as well as server housing. External service providers may fail to perform their duties satisfactorily or may fail to do so in a timely manner. Alternatively, external service providers may decide to terminate their agreements with XING AG or to extend them on commercially unacceptable terms.

XING AG has set up partnerships with its major suppliers, and some of these partnerships are of a long-term nature. The company remains in regular contact with its cooperation partners in order to allow it to initiate further developments in the respective areas at an early stage and to negotiate joint projects with sufficient lead time. The arrival of the 19 developers from epublica GmbH and the consistent recruitment of new developers has considerably reduced the company's reliance on external service providers.

### Risks in network security, hardware and software

In order to perform its services, XING AG is dependent on the use of automated processes, the reliability and efficiency of which are, in turn, dependent on the functionality and stability of the underlying technical infrastructure. The servers used by XING and the related hardware and software are vital to the success of the company's business. The possibility of service interruptions due to hardware failures and software errors cannot be completely excluded.

The company's web site and services could be materially impacted by failures or disruptions to its IT systems as a result of physical damage, power outages, system crashes, software problems, malware (such as viruses and worms), and malicious attacks (including denial-of-service attacks). In such cases, XING AG's ability to provide its services could be interrupted.

Any breach of the security network could cause interruptions to operations, increase operating expenses and damage the company's reputation. Advances in computing capabilities, new inventions or other developments could compromise or breach the technology. Attacks against the platform of XING AG might result in the destruction or alteration of stored personal data, or might mean that personal data could be used for unlawful purposes or without approval. These risks include identity theft, credit card fraud or other cases of fraud, advertising e-mails and spam e-mails from companies which are not affiliated with XING AG.

Advertisers and spam mailers may attempt to join XING in order to obtain other members' personal data. These activities could result in long-term damage to Xing's reputation and lead to XING no longer being able to attract new members or retain existing members. The company could be required to incur significant expense and use other resources in order to protect its platform from potential or existing security breaches.

XING AG is permanently engaged in ensuring the security of its network through the ongoing development of its technology and the deployment of its own employees in the area of network security. The measures initiated to date have proven to be effective. At the same time, however, the possibility of future breaches of network security cannot be excluded.

## Process and organization risks

### Organization development

XING AG aims to achieve constant growth. Accordingly, there is also likely to be further growth in staffing levels as well as an increase in external services. The company is aware of the risks associated with rapid growth. Accordingly, XING AG continuously works on developing its organization and improving its internal processes.

### Breaches of data protection and privacy law

The members provide extensive personal data to the company. XING AG stores these data on its servers in Germany. These data are accessible to members located both within and outside the European Union. In addition, XING AG allows its members to transmit personal data worldwide. The collection, processing and transfer of personal data and communications between members are subject to strict European and German data protection provisions and the data protection and privacy laws of other countries.

If XING AG were to violate these statutory provisions on data protection, telecommunications secrecy or privacy, it could become the subject of investigations, data protection orders or claims for damages, including non-pecuniary damages. Under certain circumstances, criminal proceedings could even be initiated against XING AG and its management.

Any violation of data protection regulations and laws designed to protect personality rights might also have a negative impact on the company's reputation and its ability to sign up new members and to retain the loyalty of existing members. Indeed, this might even mean that the company will no longer be able to offer and provide some or all of its services temporarily or permanently in some countries.

XING AG charges specific employees with the task of monitoring adherence to data protection legislation. In addition, amendments to data protection provisions are identified on an ongoing basis in conjunction with the company's legal advisers, and measures for monitoring and complying with these provisions are reviewed and revised as necessary. The company reviews potential implications for data protection law of new functionalities of the platform before they are introduced. Such new functionalities are only released if compliance with all relevant data protection regulations is guaranteed.

### Overall statement regarding the company's risk situation

As part of an overall assessment of the Group risks, the most significant are IT risks as well as the risks attributable to the satisfaction of existing customers and the signing-up of new customers. Overall, the risks in the Group are of manageable proportions. The future of the company as a going concern is also assured.

## Report of significant events after the closing date

There were no events after the balance sheet which have a major impact on the net assets, financial position and results of operations of XING.

## Forecast and opportunity report

### Future direction

Last year, management of XING AG defined a new strategic focus for the future. The year 2009 was characterized by internal professionalization, process and team optimizing and the increased speed of innovation. The company was able to develop new services and functionalities and made them available to its members.

XING AG wishes to further systematically improve the attractiveness of its platform for existing and potential customers with new services and also by further developing the major sources of revenues "Subscriptions", "e-Recruiting" and "Advertising". This primarily includes enhancing the personal benefit for each individual member. More than 172 million unique visitors show the extent of the networking within the community. One of the core tasks in future years will be to further strengthen these connections and to intensify communication, e.g. by improving our Group functions. The high level of activity of the community on the platform is a crucial factor of success for XING. In particular, it is an indication that XING is the preferred business network of the members for handling their business and professional challenges.

XING AG is a growth company which is based on strong income mainstays and a sound positioning. The company will face up to new potential revenue opportunities and intensify existing partnerships in order to benefit from future market potential and also to be able to pass on such market potential to its members and partners.



All relevant key parameters are indicating that the company is on course to achieve profitable and exciting growth, able to establish new business models and introduce services which meet the interests of its members with committed employees, satisfied partners and experienced management. In the new financial year, the company will continuously introduce innovations in the field of "Jobs" and for the Recruiter Membership in order to simultaneously improve the way in which it meets the demand for career opportunities as well as the requirements of personnel decision makers.

#### Global economy

The macro-economic situation has stabilized in the second half of 2009 following the severe recession. For 2010 for instance, the International Monetary Fund (IMF) has considerably upgraded its forecast for global economic growth. The organization is predicting growth of 3.9 percent for 2010. Previously, it had only been expecting a figure of 3.1 percent. For Germany, the IMF economists are predicting growth of 1.5 percent compared with the previous forecast of 0.3 percent. The experts from the IfW (Institut für Weltwirtschaft) are somewhat more cautious in this respect. They are now expecting world-wide growth of 3.6 percent and 1.2 percent in Germany.

Both of these assumptions nevertheless are confirming that the global economy is now expanding. According to the company however, there is a risk that, following the revival of the German economy in the second half of 2009, there may be a further temporary phase of weakness next year after the economic programs have come to an end.

#### Expected sector development

The development of the Internet in the course of the next few years is already foreseeable, and will be characterized by three major developments:

1. The mobile Web will become a trend in the course of the next few years. The market research company Gartner is expecting that, in three year's time, the number of people accessing the Internet with mobile phones and other mobile devices will exceed the number of persons accessing the Internet with normal computers. This development is being driven by the latest generation of mobile phones.
2. The urge towards concentration will also increasingly result in the arrival of further key providers in the Internet which has so far been largely open. There are already signs of this development in the field of books (Amazon) and music (Apple iTunes).
3. The rise of social networks will continue to make progress, because it is natural that, with every new member, they become more attractive for people who are not already members of the social networks.

XING is in a good position to meet these developments. By focusing on “business networking”, it provides central access to those business communities in Europe which are the most active in the opinion of management, and it has thus become an essential tool for professionals in all situations. In the search for new customers, suppliers, a suitable new job or answers to professional questions, XING is thus generating an attractive profile which will continue to drive the company's growth in future.

#### Opportunities report

In the reporting period 2009, XING AG implemented numerous further developments of functionalities on the platform [www.xing.com](http://www.xing.com) on the one hand and also in the form of new sources of revenues and business models on the other. For instance, in the fourth quarter of last year, the company established new services in the field of job marketing, and is thus also able to position itself as a fully fledged and relevant recruiting platform for online job advertising; it is also able to address new target groups and boost revenues and earnings growth in this field by way of a corresponding monetarization strategy. In addition, for specialist personnel managers or decision makers, the company has also activated a “recruiter membership” which is customized to meet the needs of this target group, and introduced a further source of revenues with the company profiles which were also established in the fourth quarter of 2009. With the innovations and improvements detailed above, the company has a good chance of boosting its growth in the three revenue-generating areas of “Subscriptions”, “e-Recruiting” and “Advertising” in the course of the next few years. The fact that XING AG has thus advanced into segments which it had previously not developed and because it is now competing with established players particularly in the field of “e-Recruiting” means that a precise prediction cannot be made at present. However, the benefits of a social network in conjunction with a job portal constitute a clear competitive advantage which can have a positive impact on the future development of revenues and results.

#### Expected results of operations

XING AG is operating in a very fast-moving and innovative industry. During the past two years, the company has implemented numerous enhancements to its business models, and has thus also broken into new markets. These for instance include the market of online job exchanges, which XING has been operating as a fully-fledged provider since the fourth quarter of 2009. This is the reason why the company expects an improved result in 2010 and 2011, with growth in sales outstripping growth in costs. In its “Subscriptions” segment, the company expects to generate continuous growth in revenues in the course of the next few years as a result of the continuing process of converting basic members into premium members. With increasing penetration of the market for business professionals, the relative growth of paying members will slow down in the long-term. The company considers that it has established a good position in this respect in order to maintain Group-wide revenue growth particularly with increasing market penetration in the “e-Recruiting” segment. The company expects that “e-Recruiting” will be one of the most rapidly expanding segments in the course of the next few years, whereby the development in this respect will depend much more on current financial and economic conditions; it is not possible at this point to make a reliable prediction of the development in future revenues and results. “Advertising” is also dependent on the economic conditions. In this segment, in addition to traditional advertising revenues, the company

also expects to boost its revenues in the course of the next few years by way of implementing new products such as the "Company Profiles" and thus make a higher contribution to the development of results at XING AG. Internal plans and objectives of the company envisage for 2010 and 2011 a significant increase in turnover and EBITDA (excluding non-recurring expenses) on group level. Examples of special factors to be adjusted are restructuring costs, results of disposals, impairment costs, other non-operating expenses as well as other non-operating income. The special factors are positive or negative effects which occur only once or only rarely and which, in their nature and extent, are unusual and of major significance and thus distort the result from operations.

#### Expected financial and liquidity situation

Notwithstanding the effects of the financial crisis and the resultant more difficult conditions, the financing and liquidity of the Group are again based on a sound footing in 2010 and 2011. The company will continue to further expand its employee base in the course of the next few years, and will recruit approximately 40 new employees in the financial year 2010. There are plans for recruiting further employees in the financial year 2010 depending on the development of the market potential. In addition, XING AG will in future continuously invest in improving the platform in order to further increase the attractiveness and relevance for its members. In line with existing planning, these investments will be financed out of the company's own resources. For 2010 and 2011, annual operating investments are expected to run into single-digit millions in each case.

Hamburg, 24 March, 2010

The Executive Board

(Dr. Stefan Groß-Selbeck)

(Ingo Chu)

(Michael Otto)

(Dr. Helmut Becker)

# CONSOLIDATED FINANCIAL STATEMENTS

für das Geschäftsjahr vom 1. Januar bis 31. Dezember 2009

## Consolidated income statement

for the financial year from January 1 to December 31, 2009

in € thousand	Note	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Revenues from services	8	44,000	34,701
Other operating income	9	1,085	573
<b>Total revenues</b>		<b>45,085</b>	<b>35,274</b>
Cost of materials		(43)	(31)
Personnel expenses	10	(15,682)	(8,807)
Marketing expenses	11	(5,305)	(4,375)
Other operating expenses	12	(12,210)	(9,896)
<b>EBITDA</b>		<b>11,845</b>	<b>12,165</b>
Depreciation	13	(10,937)	(2,426)
<b>EBIT</b>		<b>908</b>	<b>9,739</b>
Financial income	14	359	1,185
Financial expenses	14	(37)	(20)
<b>EBT</b>		<b>1,230</b>	<b>10,904</b>
Expenses attributable to taxes on income	15	(2,911)	(3,586)
<b>Total result for the period</b>		<b>(1,681)</b>	<b>7,318</b>
Thereof:			
Shareholders of the parent company		(1,681)	7,324
Minorities		0	(6)
Earnings per share (undiluted)	16	(0.33)	1.41
Earnings per share (diluted)	16	(0.33)	1.41

## Statement of income and accumulated earnings

for the financial year from January 1 to December 31, 2009

in € thousand	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Total result	(1,681)	7,318
Currency translation adjustment	(113)	(16)
Other result	(113)	(16)
<b>Total result for the period</b>	<b>(1,794)</b>	<b>7,302</b>
Thereof:		
Shareholders of the parent company	(1,794)	7,305
Minorities	0	(3)
	<b>(1,794)</b>	<b>7,302</b>

## Consolidated balance sheet

as of December 31, 2009

Assets in € thousand	Note	12/31/2009	12/31/2008
<b>Non-current assets</b>			
Intangible assets			
Purchased software	17	2,952	3,821
Self-developed software	17	6,354	4,696
Goodwill	17	13,440	13,823
Other intangible assets	17	4,592	2,338
Property, plant and equipment			
IT hardware and other business equipment	17	2,317	1,897
Financial assets			
Equity participations	17	50	24
Other financial assets	17	24	20
Deferred tax assets	15	346	346
		<b>30,075</b>	<b>26,965</b>
<b>Current assets</b>			
Inventories			
Products	18	0	38
Receivables and other assets			
Receivables attributable to services	18	6,478	3,345
Tax refund assets	18	92	166
Other assets	18	1,241	1,281
Cash and cash equivalents and other current deposits	18	42,862	42,922
Assets available for sale	18	0	200
		<b>50,673</b>	<b>47,952</b>
		<b>80,748</b>	<b>74,917</b>



Liabilities in € thousand	Note	12/31/2009	12/31/2008
<b>Shareholders' equity</b>			
Subscribed capital		5,272	5,202
Treasury stock	19	(3,041)	(2,092)
Capital reserves	19	40,586	38,517
Other reserves	19	2,607	1,756
Cumulative profit	19	7,264	9,068
<b>Equity attributable to equity holders of the XING AG</b>		<b>52,688</b>	<b>52,451</b>
Minorities		0	(123)
		<b>52,688</b>	<b>52,328</b>
<b>Non-current liabilities</b>			
Liabilities from finance leases	17	2,646	2,157
Deferred income	20	1,275	581
		<b>3,921</b>	<b>2,738</b>
<b>Current liabilities</b>			
Liabilities from finance leases	21	0	122
Trade accounts payable		802	1,393
Deferred income		14,958	9,725
Tax provisions	21	2,750	2,395
Other liabilities	21	5,629	6,216
		<b>24,139</b>	<b>19,851</b>
		<b>80,748</b>	<b>74,917</b>

## Consolidated cashflow statement

for the financial year from January 1 to December 31, 2009

in € thousand	Note	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Earnings before taxes		1,230	10,904
Depreciation on capitalized development costs	13	1,883	860
Abschreibungen	13	9,054	1,566
Personalkosten Aktienoptionsprogramm	10	1,048	1,136
Depreciation	14	(359)	(1,185)
Interest received		359	1,186
Interest expenses	14	37	20
Interest paid		(2,009)	0
Profit and loss account from fixed asset		(4)	(14)
Change in receivables and other assets		(3,055)	(1,730)
Change in liabilities and other liabilities		(49)	1,602
Change in defend income		5,925	3,386
<b>Cashflow from operating activities</b>		<b>14,060</b>	<b>17,731</b>
Capitalization of self-developed software	17	(3,541)	(2,622)
Purchase of other software	17	(1,855)	(2,598)
Purchase of other intangible assets	17	(2,478)	(233)
Result from the disposal of fixed assets		9	45
Purchase of property, plant and equipment	17	(1,361)	(1,498)
Purchase of consolidation companies (less cash acquired)	7	(4,606)	(3,334)
Investement in other financial assets	17	(30)	(24)
<b>Cashflow from investing activities</b>		<b>(13,861)</b>	<b>(10,264)</b>

in € thousand	Note	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Capital increases		1,046	0
Transaction costs for capital increase		(36)	0
Share buyback		(949)	(2,092)
Redemption of stock options		(48)	0
Repayment of liabilities from finance leases		(122)	(261)
Interest paid		(37)	(20)
<b>Cashflow from financing activities</b>		<b>(146)</b>	<b>(2,373)</b>
Differences due to currency translation		(113)	(16)
<b>Change in cash and cash equivalents</b>		<b>(60)</b>	<b>5,078</b>
Finanzmittelbestand zu Beginn der Periode		42,922	37,844
<b>Cash and cash equivalents at the beginning of the period <sup>1)</sup></b>	18	<b>42,862</b>	<b>42,922</b>

<sup>1)</sup> Cash and cash equivalents are liquid assets.

## Consolidated statement of movements in shareholder equity

for the financial year to December 31, 2009

in € thousand	Note	Subscribed capital	Capital reserved	Treasury stock
<b>Balance 01/01/2008</b>		<b>5,202</b>	<b>38,517</b>	<b>0</b>
Currency translation		0	0	0
Total income and expense for the period recognised directly in the equity		0	0	0
Net result		0	0	0
<b>Total result for period</b>		<b>0</b>	<b>0</b>	<b>0</b>
Share buyback		0	0	(2,092)
Personnel expenses, stock option program	10	0	0	0
<b>As of 12/31/2008</b>		<b>5,202</b>	<b>38,517</b>	<b>(2,092)</b>
<b>Balance 01/01/2009</b>		<b>5,202</b>	<b>38,517</b>	<b>(2,092)</b>
Currency translation		0	0	0
Total income and expense for the period recognised directly in the equity		0	0	0
Net result		0	0	0
<b>Total result for period</b>		<b>0</b>	<b>0</b>	<b>0</b>
Share buyback		0	0	(949)
Acquisition of minorities		0	0	0
Ancillary costs capital increase		0	0	0
Capital increase to acquire parts of the company		70	2,050	0
Capital increase from share-based payment		(0,7)	19	0
Addition from stock options program	10	0	0	0
<b>As of 12/31/2009</b>		<b>5,272</b>	<b>40,586</b>	<b>(3,041)</b>

	Other reserves	Cumulative profit/(loss)	Total	Minorities	Shareholders' equity, total
	<b>636</b>	<b>1,744</b>	<b>46,099</b>	<b>(117)</b>	<b>45,982</b>
	(16)	0	(16)	0	(16)
	(16)	0	(16)	0	(16)
	0	7,324	7,324	(6)	7,318
	<b>(16)</b>	<b>7,324</b>	<b>7,308</b>	<b>(6)</b>	<b>7,302</b>
	0	0	(2,092)	0	(2,092)
	1,136	0	1,136	0	1,136
	<b>1,756</b>	<b>9,068</b>	<b>52,451</b>	<b>(123)</b>	<b>52,328</b>
	<b>1,756</b>	<b>9,068</b>	<b>52,451</b>	<b>(123)</b>	<b>52,328</b>
	(113)	0	(113)	0	(113)
	(113)	0	(113)	0	(113)
	0	(1,681)	(1,681)	0	(1,681)
	<b>(113)</b>	<b>(1,681)</b>	<b>(1,794)</b>	<b>0</b>	<b>(1,794)</b>
	0	0	(949)	0	(949)
	0	(123)	(123)	123	0
	(36)	0	(36)	0	(36)
	0	0	2,120	0	2,120
	0	0	19	0	19
	1,000	0	1,000	0	1,000
	<b>2,607</b>	<b>7,264</b>	<b>52,688</b>	<b>0</b>	<b>52,688</b>

# Notes to the consolidated financial statements

for the financial year from January 1 to December 31, 2009

## A Principles and methods

### 1. Information concerning the company

The Company was founded in Hamburg, Germany, with the company agreement dated August 12, 2003 as a limited liability company (Gesellschaft mit beschränkter Haftung) under the name OPEN Business Club GmbH (also referred to in the following as "XING AG" or "the Company"), and was entered into the commercial registry on August 26, 2003.

On July 19, 2006, the partners' meeting adopted a resolution concerning the transformation of the Company into an Aktiengesellschaft (joint stock corporation) with share capital of €52,050.00 under the name "OPEN Business Club AG". The change in legal form was entered into the commercial register on October 16, 2006.

The IPO of the Company took place on December 7, 2006, as a total of 5,201,700 shares were admitted to trading on the official market of the Frankfurt Stock Exchange. The IPO consisted of a public offering in Germany, Switzerland and international private placings in other jurisdictions.

On July 9, 2007, the Company's name was changed from "OPEN Business Club AG" to "XING AG".

Measured in terms of the total number of individual visitors worldwide, XING operates one of the leading professional networking websites. The international, multilingual, Internet-based platform is a "relationship engine" which provides its members with the opportunity of establishing new business contacts, maintaining existing contacts, extending their operations to new markets, and exchanging opinions and information. XING generates its revenues primarily from membership subscriptions of Premium Members, and currently operates the platform without any paid advertising for Premium Members.

The registered offices of XING are located at Gaensemarkt 43, 20354 Hamburg, Germany.

### 2. Basis for preparing the financial statements

The consolidated financial statements of XING AG and its subsidiaries (also referred to in the following as "XING AG" or "the Company") for the financial year ending December 31, 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU and supplemented by the additional regulations of commercial law stipulated by section 315a (1) HGB.

The Group has applied all IFRS which are the subject of mandatory adoption to the extent that these standards were adopted by the EU when the consolidated financial statements were approved by the Executive Board of the XING AG. The IFRS consist of the International Financial Reporting Standards in the version published by the International Accounting Standards Board (IASB) and its predecessor organization, to the extent that the IASB has not rejected their application, and the corresponding interpretations in the version published by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor organization, to the extent that the IASB has not rejected their application.

The requirements specified by the applied standards have been met, ensuring that the consolidated financial statements provide a true and fair view of the net assets, financial position and results of operations of the Group.

The consolidated financial statements have been prepared in Euros. Unless otherwise specified, all figures have been rounded to thousand Euros (€thousand). The tables and figures included may therefore contain rounding differences.

The consolidated income statement for the financial year from January 1 to December 31, 2009 appears before the consolidated balance sheet, dated December 31, 2009. Accordingly, the notes to the consolidated income statement for the period ending December 31, 2009 appear before notes to the consolidated balance sheet.

The consolidated income statement is prepared in accordance with the cost summary method. EBIDTA is defined as earnings before interest, taxes and other financial results, plus depreciation. EBIT is defined as earnings before interest, taxes and other financial results. EBT is defined as earnings before taxes.

The consolidated financial statements are prepared in accordance with the purchase cost principle.

The consolidated financial statements and the Group Management report for the period ending December 31, 2009 were approved for publication by the Executive Board on March 24, 2010, and will be presented to the Supervisory Board of the Company for approval on March 25, 2010.

The accounting principles are based on the IFRS endorsed and adopted by the EU on the day on which the consolidated financial statements were signed by the Executive Board of XING AG.

The accounting policies adopted are consistent with those of the prior financial year, apart from the exceptions listed below:

As of January 1, 2009, the Group applied the following new and revised IFRS standards and interpretations.

#### IAS 23 Borrowing costs

The revised standard IAS 23 was first published in March 2007, with an intended first application in the reporting period beginning on or after January 1, 2009. The revised standard reverses the previous option permitting capitalization of borrowing costs to be assigned to a qualifying asset, which is now mandatory. A qualifying asset is defined as an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The standard envisions a prospective application of the amendment.

As long as the Group does not incur substantial borrowing costs, as is the case during the reporting period, the amendment shall not affect the consolidated financial statements.



#### IAS 1 Presentation of financial statements

The revised standard IAS 1 was first published in September 2007, with an intended first application in the reporting period beginning on or after January 1, 2009. The amendment of the standard contains considerable changes in the presentation and disclosure of financial statements. The amendment stipulates that statements of changes in equity shall henceforth only contain transactions with equity holders acting in their capacity as equity holders. All other changes in equity are to be included in total profit or loss for the particular period, which is to be presented either in a single statement or in the form of two statements, one depicting profit and loss and one depicting the total period gains. Furthermore, the standard stipulates that when a company modifies its accounting principles retroactively or modifies or reclassifies past items in the financial statement, it also include a balance sheet from the beginning of the earliest prior period for comparison.

The new standard affects the way in which financial information is published by the Group, but does not affect the method and evaluation of assets and liabilities in the consolidated financial statements.

#### Amendments to IFRS 1 and IAS 27 – Purchase costs of an equity participation in a subsidiary, joint venture, or associated company

The changes to IFRS 1 and IAS 27 were published in May 2008, and further amendments to IFRS 1 in November 2008 with an intended first application in the reporting period beginning on or after January 1, 2009. The changes to IFRS 1 permit a company to also use the amounts shown in accordance with previously applied accounting principles or use the fair values instead of purchase costs (deemed cost) for determining the purchase costs of equity participations in subsidiaries, joint ventures and associated companies in its IFRS opening balance sheet. The changes to IAS 27 relate solely to the separate financial statements of a parent company and, in particular, specify that all dividends of subsidiaries, joint ventures and associated companies are recognized in the income statement in the separate financial statements. The transitional regulations specify a prospective application.

As the rules regarding first-time adoption of IFRS and the regulations for separate financial statements are not relevant for the Group, no impact on the consolidated financial statements is expected from this new ruling.

#### Amendment to IFRS 2 – Exercise conditions and annulments

The change to IFRS 2 was endorsed in January 2008, with an intended first application in the reporting period beginning on or after January 1, 2009. The new ruling clarifies the concept of the exercise conditions and also governs accounting methods for share-based compensation plans being terminated by employees. The transitional stipulations include a provision for retrospective application of the new ruling.

The opinion of the IASB differs from the accounting method previously used by the Group. As the transitional regulations require retrospective application of the new ruling, the first-time adoption results in a recalculation of the fair value of the granted equity capital instruments at the time they were granted. Any differences thus resulting are shown directly in equity. The Group does not expect that the first-time adoption of the new ruling will result in any major changes in the equity ratio, nor does it expect that it will have any major impact on the consolidated financial statements.

#### Amendments to IAS 32 and IAS 1 – Puttable financial instruments and obligations arising upon liquidation

The changes to IAS 32 and IAS 1 were published in February 2008, and are initially applicable in the reporting period beginning on or after January 1, 2009. An exceptional rule has been introduced, according to which puttable financial instruments have to be classified as shareholders' equity if certain criteria are met. Disclosures relating to these financial instruments are also prescribed.

The changes to the standard will not have an impact on the net assets, financial position and results of the Group because the parent company has not issued any instruments of this kind.

#### Improvements to IFRS

In May 2008 and April 2009, the IASB issued two collections of minor amendments to existing IFRS standards with the primary aim of rectifying inconsistencies and clarifying certain passages. Numerous substantial changes were made which have an impact on accounting and valuation, as well as purely editorial changes. The latter changes consist of the revision of individual definitions and formulations in order to assure consistency with other IFRS, for example. The collections of amendments specify an individual transitional application for each amended IFRS. The application of the following new rulings led to a change in accounting methods, but did not affect the net assets, financial position or results of the Group:

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:** It has been clarified that all assets and liabilities of a subsidiary whose planned disposal results in a loss of control over this subsidiary must be classified as held for sale, even if the company will retain a non-controlling interest in this former subsidiary after the disposal.

At present, there are no plans for shares in subsidiaries to be sold; hence this standard has no impact on the consolidated financial statements.

- **IFRS 8 Operating Segments:** The amendment clarifies that segment assets and liabilities must only be disclosed if these assets and liabilities are regularly reported to the responsible authority within the company.

As segment assets and liabilities are not reported within the Group, this standard will have no effect on the consolidated financial statements.

- **IAS 1 Presentation of financial statements:** It has been resolved that financial instruments which are classified as held for trading do not necessarily have to be recognized as current assets or liabilities in the balance sheet. The classification as "current" merely has to follow the definition criteria set out in IAS 1.

The Group does not have any financial instruments which have to be classified as "current" under IAS 1. Therefore the application of this standard does not affect the Group.

- **IAS 7 Cashflow Statement:** It has been expressly determined that only expenditures that result in a recognized asset can be classified as cashflow from investing activities.

As the Group has previously only classified expenditures that result in a recognized asset as cash flows from investment, this change will not impact the consolidated financial statements.

- **IAS 10 Major events after the balance sheet date:** It has been clarified that dividends which have been adopted after the balance sheet date but before approval for publication of the financial statements do not constitute obligations on the balance sheet date, and therefore are not to be shown as liabilities in the financial statements.

In the past, it has not been the policy of XING AG to pay out dividends. Subject to a different decision for 2010, this standard will not have any impact on the consolidated financial statements.

- **IAS 16 Property, Plant and Equipment:** Proceeds from the property, plant and equipment held for rental which are normally sold as part of ordinary operations after rental have to be shown under sales revenues.

The Group currently does not hold any property, plant and equipment for rental; hence this standard will not have any impact on the consolidated financial statements.

- **IAS 18 Revenue:** The IAS board included guidelines for determining whether an entity is acting as a principal or as an agent in the appendix to IAS 18. The non-mandatory criteria are as follows:
  - Does the entity bear material responsibility for the execution of business?
  - Does the entity bear the inventory risk?
  - Does the entity bear the default risk?
  - Does the entity have discretionary power in setting prices?

The Group has analyzed its business relationships with regards to these criteria, and has determined that it acts as a principal in all agreements. The methods of revenue recognition have been adjusted accordingly.

- **IAS 20 Accounting for Government Grants and Disclosure of Government Assistance:** In future, there will be an obligation to calculate the interest benefit in the case of low-interest or interest-free loans. The difference between the amount which is received and the discounted amount must then be recognized as government assistance.

At present, the Group does not receive any public-sector grants, and accordingly this standard does not impact the consolidated financial statements.

- **IAS 23 Borrowing costs:** The definition of borrowing costs has been revised to include the guidelines set out in IAS 39 with regard to the effective rate.

At present, the Group does not have any interest-bearing loans. Accordingly, this standard does not have any impact on the consolidated financial statements.

- **IAS 27 Consolidated and Separate Financial Statements According to IFRS:** It has been clarified that the recognition of a subsidiary in accordance with IAS 39 at fair value in the separate financial statements of a parent company also has to be retained if the subsidiary is classified as held-for-sale.

At present, there are no plans for shares in subsidiaries to be sold; hence this standard has no impact on the consolidated financial statements.

- **IAS 28 Investments in Associates:** Since the goodwill in the carrying amount of an investment in an associate is not shown separately, neither is it subjected to a separate impairment test. Instead, the entire carrying amount of the share is subjected to the impairment test as a single asset, and an impairment is recognized where necessary. Furthermore, it has now been clarified that a reversal of an impairment recognized in previous reporting periods in relation to an investment in an associate has to be reported as an overall increase in this investment, and not allocated to the goodwill of the associate. A further change relates to the disclosure obligations for investments of this kind in associates which are recognized at fair value in accordance with IAS 39. In future, only the requirements of IAS 28 will be applied to these investments, requiring disclosure of the nature and extent of considerable restrictions affecting the ability of the associate to transfer funds in the form of cash or loan repayments to the company.

The Group has no associates, hence this standard has no impact on the consolidated financial statements.

- **IAS 34 Interim Financial Reporting:** It has been clarified that undiluted and diluted earnings per share only have to be disclosed in interim financial statements if the company is subject to the stipulations of IAS 33 Earnings per Share.

The Group is subject to the stipulations of IAS 33, and has disclosed undiluted and diluted earnings per share in interim reporting in previous quarters.

- **IAS 36 Impairment of Assets:** The disclosure obligations for determining the value in use and for determining the fair value less costs to sell, which is determined on the basis of a discounted cashflow model, have been harmonized.

As the recoverable amount of the cash generating units of the Group is currently calculated on the basis of the value in use, this amendment will not have any direct impact.

- **IAS 38 Intangible assets:** Costs of products and services which are used for advertising campaigns and sales promotions measures (including mail order catalogs) have to be recognized as expenses in the future if the company has received the right to access these products or services. The application of the benefit-linked depreciation method for intangible assets is still permitted without restriction.

The Group currently recognizes all costs of products and services which are used for advertising campaigns and sales promotion measures as costs, hence the interpretation has no impact on the consolidated financial statements.

- **IAS 39 Financial instruments:** In future, after initial recognition derivatives can be designated as measured at fair value affecting net income due to changed circumstances, or can be removed from this category, as such a removal is not a reclassification action according to IAS 39. The reference to a "segment" in connection with the determination of whether an instrument meets the criteria of a hedging instrument has also been deleted. Furthermore, it has been clarified that the newly calculated effective rate must be used for measuring a debt instrument after it is no longer recognized as a fair value hedge.

The Group does not have any hedging instruments as per IAS 39, hence this standard does not impact the consolidated financial statements.

The new rulings in accordance with regard to Improvements to IFRS listed below do not impact the accounting methods or presentation of the net assets, financial position or results of the Group:

IFRS 2 Share-based Payment

IFRS 7 Financial Instruments: Disclosures

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

IAS 19 Employee Benefits

IAS 31 Interests in Joint Ventures

IAS 40 Investment Property

IFRIC 9 Reassessment of embedded derivatives

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

#### **Amendment to IFRIC 9 Reassessment of embedded derivatives and IAS 39: Recognition and Measurement**

The amendments to IFRIC 9 and IAS 39 were endorsed in March 2009 and are initially applicable for financial years ending on or after June 30, 2009. The amendments require that a company assess whether an embedded derivative can be separated from the host contract if the company recategorizes a hybrid financial asset out of the fair value through profit or loss category.

As the Group does not have any embedded derivatives, this amendment does not impact the consolidated financial statements.

#### **IFRIC 13 Customer Loyalty Programs**

The IFRIC Interpretation 13 was endorsed in January 2007, and is initially applicable in the reporting period beginning on or after July 1, 2008. According to this interpretation, bonuses granted to customers have to be recognized as revenues which are separate from the transaction under which they are granted. Accordingly, part of the fair value of the consideration which is received is allocated to the customer bonuses which have been granted and shown under liabilities. Revenues are recognized in the period in which the customer bonuses which have been granted are exercised or in which they expire.

In view of the relatively insignificant volume of customer loyalty programs in the Group, the first-time adoption of this new regulation did not have an appreciable impact on the consolidated financial statements.

#### IFRIC 12 Service Concession Arrangements

The IFRIC Interpretation 12 was endorsed in November 2006, and is initially applicable in the reporting period beginning on or after January 1, 2008. This interpretation was adopted into EU law in March 2009 and is to be applied in the EU by the start of the first financial year following June 30, 2009, at the very latest. This interpretation governs how the duties assumed and rights received within the scope of a service concession arrangement are dealt with in terms of the operator's financial statements.

As no company in the Group is a service concession operator, this interpretation does not have any impact on the Group.

#### IFRIC 15 Agreements for the Construction of Real Estate

The IFRIC Interpretation 15 was endorsed in July 2008, and is initially applicable in the reporting period beginning on or after January 1, 2009. This interpretation provides guidelines regarding the timing and extent of realizing income from projects for the construction of real estate.

IFRIC 15 does not affect the consolidated financial statements as the Group does not own and has not constructed any real estate.

#### IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The IFRIC Interpretation 16 was endorsed in July 2008, and is initially applicable in the reporting period beginning on or after October 1, 2008. IFRIC 16 provides guidelines for identifying the foreign currency risks which can be hedged as part of the process of hedging a net investment, for determining which Group companies are able to hold the hedging instruments for hedging the net investment, and for determining the foreign currency profit or loss which has to be transferred out of equity to the income statement upon disposal of the hedged foreign operation. This interpretation is to be applied prospectively.

IFRIC 16 has no impact on the consolidated financial statements as the Group does not conduct investments of this type.

#### IFRS 3 Business Combinations

The revised standard IFRS 3 was first endorsed in January 2008, with an intended first application in the reporting period beginning on or after July 1, 2009. The standard was comprehensively revised within the framework of the convergence project of IASB and FASB. The main changes relate to the introduction, for the purpose of measuring minority interests, of a choice between recognition using the pro-rata identifiable net assets (the purchased goodwill method) and the full goodwill method, according to which the entirety of the goodwill of the acquired company which is also attributable to minority shareholders also has to be recognized. In addition, it is also necessary to mention the revaluation recognized in the income statement of existing shares when control is initially acquired (successive company acquisition), the mandatory recognition of a consideration which is linked to the occurrence of future events at the time of acquisition as well as the recognition of transaction costs in the income statement. There are no changes with regard to assets and liabilities resulting from business combinations before the first-time adoption of the new standard.

The changes will have an impact on the figure shown for goodwill, the results of the reporting period in which a company acquisition takes place, and the results of subsequent periods. In particular, the application of the full goodwill method in the case of acquisitions with minority shareholders may result in higher goodwill.

#### Amendment to IFRS 7 and IFRS 4: Improvements to disclosures

This amendment was endorsed in March 2009 and is initially applicable for financial years beginning on or after January 1, 2009. The amendments define additional disclosures on calculating fair values and liquidity risk.

As the Group does not have any financial instruments which require additional disclosures and has made all necessary disclosures, this amendment does not impact the consolidated financial statements.

#### IAS 27 Consolidated and Separate Financial Statements According to IFRS

The revised standard IAS 27 was first endorsed in January 2008, with an intended first application in the reporting period beginning on or after July 1, 2009. The changes primarily relate to the recognition of shares without a controlling influence (minority shares), which in future will participate fully in the losses of the Group, as well as the recognition of transactions which result in loss of control of a subsidiary, the effects of which are to be recognized in the income statement. On the other hand, any effects of share disposals which do not result in a loss of control have to be recognized directly in equity. The transitional regulations specify a prospective application. There are no changes with regard to assets and liabilities resulting from transactions before the first-time adoption of the new standard.

As the Group no longer reports minority shares, this amendment does not impact the consolidated financial statements.

#### Amendment to IAS 39 Eligible Hedged Items

The changes to IAS 39 were published in July 2008, and are intended for initial retrospective application in the reporting period beginning on or after July 1, 2009. The change specifies how the principles contained in IAS 39 for presenting hedges have to be applied in relation to the designation of a unilateral risk in an underlying, and also in relation to the designation of inflation risks as an underlying. It has been clarified that it is admissible for only part of the changes in the fair value or cashflow fluctuations of a financial instrument to be designated as an underlying.

The Group does not have any hedging instruments as per IAS 39, hence this standard does not impact the consolidated financial statements.



#### IFRIC 17 Distribution of Non-cash Assets to Owners

The IFRIC Interpretation 17 was endorsed in November 2008, and is initially applicable in the reporting period beginning on or after July 1, 2009. This interpretation provides guidelines for the recognition and measurement of obligations which involve a distribution of non-cash assets to owners. The interpretation comments particularly on the timing, measurement and recognition of these obligations. Accordingly, such an obligation has to be recognized and measured at fair value when the company is no longer able to avoid this obligation. The obligation and any changes in the fair value of the relevant asset have to be recognized directly in equity. Any influence on the income statement in the amount of the difference between the fair value and the carrying amount of the asset occurs only at the point at which this asset is transferred to the owners. This interpretation is to be applied prospectively.

IFRIC 17 will not have any impact on the consolidated financial statements because a distribution of non-cash assets to owners is not expected in the Group.

#### IFRIC 18 Transfers of Assets from Customers

The IFRIC Interpretation 18 was endorsed in January 2009, and is initially applicable in the reporting period beginning on or after July 1, 2009. This interpretation provides guidelines regarding the recognition of agreements in which a company receives assets or cash from a customer to be used by the company for connecting the customer, for instance, with a network and/or providing the customer with permanent access to a supply of goods or services. The interpretation comments particularly on the criteria applicable for recognizing customer contributions and the timing and extent of recognizing revenues from such transactions. This interpretation is to be applied prospectively.

IFRIC 18 will not have any impact on the consolidated financial statements because the Group currently does not carry out any such transactions.

#### Amendment to IAS 24 Related Party Disclosures

The amended Standard IAS 24 was endorsed in November 2009, and is initially applicable in the reporting period beginning on or after January 1, 2011. The amendment offers a new definition for related parties, and also decreases disclosure requirements for entities with significant state ownership.

The amendments will not have any impact on the Group's balance sheet, and are not likely to affect the Group's related party disclosures.

#### IFRS 9 Financial Instruments - Classification and Measurement

In November 2009, the IASB endorsed the new standard on classification and measurement of financial assets. This standard is part of the comprehensive IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement. The version adopted calls for financial assets to be recognized in the future as amortized costs or as fair value through profit or loss. In addition, the standard stipulates a non-reversible option for the fair value measurement of equity instruments directly in equity. Classification of financial instruments is made at the time the asset is initially recognized, and may not be changed in the future. Furthermore, the standard contains ancillary provisions, for example concerning embedded derivatives, the fair value option, and impairments/impairment reversals. The standard will become mandatory after adoption in EU law, presumably starting from January 1, 2013.

The Group is conducting a preliminary examination of the ramifications of the standard on the consolidated financial statements, and will watch the further development of the entire project of restructuring IAS 39 Financial Instruments: Recognition and Measurement.

#### Amendment to IAS 32 Classification of Rights Issues

This amendment governs the recognition of certain equity issues, which do not occur in the Group.

#### IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The Interpretation 19 was endorsed in November 2009, and is initially applicable in the reporting period beginning on or after July 1, 2010. The interpretation provides guidance on how to account for certain financial restructuring in which liabilities are extinguished by the issue of equity instruments. These equity instruments are to be recognized either at their fair value or the fair value of the amortized liability, whichever can be more accurately assessed. Any difference between the carrying amount of the amortized liability and the fair value of issued equity instruments is to be recognized directly in the net income/loss for the period.

This interpretation does not affect the consolidated financial statements.

#### Amendment of IFRIC 14 Minimum Funding Requirements of Pension Funds

The amendment to IFRIC 14 corrects an existing unintended consequence of voluntary prepayments to pension funds, and is not relevant to the Group.

#### IFRS 2 Group Share-based Payment

The changes to IFRS 2 were published in January 2009, and are initially applicable in the reporting period beginning on or after January 1, 2010. The amendment to IFRS 2 offers a new definition for share-based payment, changes the applicability of the Standard, and provides additional guidelines for recognizing group share-based payment. The Standard specifies that a company which receives goods or services should then recognize these goods or services in accordance with the guidelines for share-based payment transactions that are linked to equity instruments, if equity instruments of the entity are paid or if the entity is not obligated to make share-based cash payments. In other cases, the agreement shall be recognized as a cash-settled share-based transaction. These principles are independent of internal group repayment agreements. The change withdraws the interpretations IFRIC 8 Scope of IFRS 2 and IFRIC 11 Group and Treasury Share Transactions, and incorporates the provisions previously in these two interpretations into the new IFRS 2. As the Group has already made disclosures in this area, there will likely be no change as a result of this amendment.

### Amendment of IFRS 1 - Limited Exceptions for first-time adopters of comparative disclosures in accordance with IFRS 7

The changes to IFRS 1 were published in January 2010, and are initially applicable in the reporting period beginning on or after July 1, 2010. The amendment permits first-time IFRS adopters to take advantage of transitional regulations applying to the amended IFRS 7 Financial Instruments: Disclosures, which were published in March 2009.

### 3. Group of consolidated companies and business combinations

The subsidiaries which are controlled by the parent company are included in the consolidated financial statements. Control is assumed if the parent company directly or indirectly owns more than half of the voting rights of a subsidiary, unless it can be clearly demonstrated that such ownership does not constitute control. The subsidiaries are consolidated from the time after which the Group acquires control, and are no longer consolidated after the time at which the Group no longer has control.

The Group of consolidated companies in the consolidated financial statements consists of the following companies:

	Equity holding 12/31/2009 in %	Equity holding 12/31/2008 in %	Initial consoli- dation	Share- holders' equity balance 12/31/2009 in € thousand	Result 2009 in € thousand
XING Hong Kong Ltd., Hong Kong, China	100	85	2006	(165)	(2)
openBC Network Technology (Beijing) Co. Ltd., Beijing, China	100	85	2006	65	(78)
eConozco, Grupo Galenicom Tecnologías de la Información, S.L., Barcelona, Spain	100	100	2007	2	(3)
XING International Holding GmbH, Hamburg, Germany	100	100	2007	9,552	(27)
XING Networking, S.L., Barcelona, Spain <sup>1)</sup>	100	100	2007	22	(56)
EUDA Uluslararası Danışmanlık ve Bilim Hizmetleri Limited Şirketi (XING Turkey), Istanbul, Turkey <sup>2)</sup>	100	80	2008	95	55
XING Switzerland GmbH, Sarnen, Switzerland <sup>1)</sup>	100	100	2008	23	5
XING Italy S.R.L., Milan, Italy <sup>1)</sup>	100	0	2009	(430)	(455)
Socialmedian Inc., Wilmington, Delaware, USA	100	0	2009	320	(261)

<sup>1)</sup> 100 percent is held indirectly via shares of 100 percent in XING International Holding GmbH, Hamburg, Germany.

<sup>2)</sup> 99.5 percent of shares are held indirectly via XING International Holding GmbH, Hamburg, Germany, and 0.5 percent are held directly by XING AG.

In January 2009, the Group topped up its shares in XING Hong Kong Ltd. from 85 percent to 100 percent. The purchase price was €80 thousand. The acquisition increased the goodwill accordingly, as XING Hong Kong was already fully consolidated.

In January 2008, XING International Holding GmbH acquired 79.5 percent of shares in EUDA Uluslararası Danışmanlık ve Bilisim Hizmetleri Limited Şirketi (cember.net), Istanbul, Turkey. A further 0.5 percent of the shares were purchased by XING AG at the request of the vendor. On February 5, 2009, the Group purchased the remaining 20 percent of shares in cember.net as agreed in a put/call option. The purchase costs totaled €4,673 thousand. The purchase had no effect on the consolidated, as cember.net was already fully consolidated for FY 2008. cember.net operates a platform in Turkey which is similar to that operated by XING in Germany. The purpose of the acquisition is to strengthen the market position of XING in Turkey. The initial consolidation was on January 23, 2008.

On September 23, 2008, XING Switzerland was founded by XING International Holding GmbH based in Sarnen, Switzerland. The company's share capital amounts to CHF 20,000.00. At the time of founding and initial consolidation, the carrying amount and fair value of the company were identical.

On January 13, 2009, XING Italy S.R.L. was founded in Milan with equity of €25 thousand.

In January 2009, XING AG purchased New York-based Socialmedian Inc., a leading online news network. The purchase price was made up of cash and shares, and amounted to €2.9 million plus a profit-linked earn-out of up to €2.5 million.

All internal balances, business transactions, income and expenses as well as all results attributable to internal transactions were completely eliminated.

The subsidiaries have been fully consolidated, starting at the date on which they were acquired. The date of acquisition is deemed to be the date on which XING assumed control.

#### 4. Major discretionary decisions and estimates

The process of preparing the consolidated financial statements requires making assumptions and estimates which have an impact on the figures shown in the statements and the corresponding comments. Although these estimates have been made to the best knowledge of management, they may differ from actual results.

On an annual basis, the Group determines whether the value of goodwill is impaired or not. This determination assumes that an estimate is made of the recoverable amount of the cash generating unit to which the goodwill is allocated. An estimate of the recoverable amount means that the Group estimates the future anticipated cashflow of the cash generating units, and uses an appropriate discount rate in order to calculate the present value of these cash flows. The carrying amount of the goodwill as of December 31, 2009, amounted to €13,440 thousand (previous year: €13,823 thousand).

Discretionary decisions are necessary in connection with the capitalization of development costs for software. The Company has carried out these estimates on the basis of the information which was available at the point when these financial statements were published. The carrying amount of the capitalized development costs amounted to €6,354 thousand as of December 31, 2009 (previous year: €4,696 thousand).

The Group measures the cost of granting equity instruments to employees using the fair value of these instruments at the time of granting. In order to estimate the fair value of share-based compensation, it is necessary to determine the most suitable valuation procedure for granting equity instruments; this depends on the conditions of granting such instruments. Furthermore, it is also necessary to select which data is suitable to this measurement procedure, including in particular the probable option term, volatility and dividend yield, as well as corresponding assumptions. The assumptions and methods applied for estimating the fair value of share-based compensation are detailed under "Other disclosures".

#### 5. Foreign currency exchange

The consolidated financial statements are prepared in Euros, the functional currency and reporting currency of the Group. Each company within the Group determines its own functional currency, and all items included in the annual financial statements of the particular company are recorded using this functional currency. Monetary assets and liabilities denominated in foreign currency are converted into the functional currency using the exchange rate applicable on the balance sheet date. Any exchange differences which occur are recognized in the net income/loss for the period.

Non-monetary positions shown at historical cost of purchase in foreign currency are converted using the exchange rate applicable at the time of the transaction. Non-monetary positions shown at fair value in a foreign currency are converted using the exchange rate at the time at which the fair value was determined.

The functional currency of XING Hong Kong is the Hong Kong Dollar (HKD), and the functional currency of the openBCNetwork Technology (Beijing) Co. Ltd. is the Chinese Renminbi Yuan (CNY). The functional currency of XING Turkey is the Turkish Lira (TRY). The functional currency of XING Switzerland GmbH is the Swiss Frank (CHF), and the functional currency of Socialmedian Inc. is the US Dollar (USD). As of the balance sheet date, the assets and liabilities are converted into the reporting currency of the Group using the exchange rate applicable on the balance sheet date. The income statement is converted using the weighted average exchange rates of the year. Any conversion differences which occur are shown directly as a separate component of shareholders' equity.

## 6. Summary of major accounting principles

The costs of acquiring other intangible assets are capitalized and written down over the expected service life of the assets, using the straight-line method. Depreciation starts to be recognized at the point at which the intangible asset can be used.

In accordance with IAS 38 and SIC 32, intangible assets which arise as a result of development within the framework of an individual project are only shown if the Group can demonstrate that the completion of the project is technically feasible to the degree that it can be used internally or sold, if it can be demonstrated that the Group has the intention of carrying out the project, that it is able to make internal use of the asset or sell the asset, that the asset will generate future economic benefits, and that resources are available for completing the asset, and the Group is capable of reliably measuring expenditures. After the initial recognition of development costs, the asset is shown at cost of purchase less cumulative depreciation and cumulative impairments. All capitalized development costs are written down over the remaining economic life of the XING platform using the straight-line method. The economic life of the platform was changed from six years to five years at the beginning of FY 2008 in order to take account the greater pace of technological development. The revaluation of the economic service life has resulted in the following change in the residual economic service life:

The residual economic service life of the platform was 36 months as of December 31, 2009. On December 31, 2008, the residual economic service life was 48 months because an estimate dating January 1, 2008 defined the residual economic service life of the platform to be an additional five years. The fair value of development costs is subject to an annual impairment test as long as the asset is not used, or if there are indications of an impairment during the year.

Intangible assets are subject to an impairment test as soon as there are any indications of the existence of impairments. The duration of depreciation for an intangible asset with a limited service life, as well as the method used for determining depreciation, are subject to examination at least at the end of a financial year. The amortisation period for customer relations amounts to 4-11 years. If the estimated recoverable amount is lower than the carrying amount, an impairment is recognized to reflect the difference between the recoverable amount and the carrying amount. If the reason for the impairment is no longer applicable, the previously recognized impairment is reversed, but only up to the carrying amount which would have resulted if no impairment had previously been recognized.

The Company recognizes company acquisitions using the purchase method, which results in the recognition of goodwill in the event of a positive difference. The goodwill acquired as part of a business combination is initially shown at cost of purchase; it consists of the additional costs of the business combination compared with the share of the Group in the net present value of the identifiable assets, liabilities, and contingent liabilities. Under IFRS, the goodwill is not depreciated over its service life. The Company is obliged to carry out an impairment test on goodwill at least once every year, provided there are no indications of potential impairment.

If there are any such indications, an immediate impairment test must be carried out. For the purposes of performing the impairment test, goodwill is allocated to each of the cash generating units of the Group which are expected to derive benefits from the synergies created by the merger from the time of the acquisition onwards. The impairment is determined by calculating the recoverable amount of the cash generating unit to which the goodwill applies. If the recoverable amount of the cash generating unit is lower than the carrying amount, an impairment is recognized.

Property, plant and equipment is shown at cost of purchase less cumulative straight-line depreciation over a service life of between three (IT equipment) and 13 years (office equipment) less cumulative impairment. The residual carrying amounts, service lives, and depreciation and impairment methods are revised and adjusted as necessary at the end of the financial year.

Financial assets in accordance with IAS 39 are classified in different categories. Such assets are measured with their fair value when they are initially recognized. Transaction costs which can be directly attributed to such assets are recognized in the income statement if the corresponding financial instrument is subsequently measured at fair value. After being initially recognized, available-for-sale financial instruments are measured with their fair value and the profits and losses are recognized directly in equity. The fair value of equity participations which are traded actively in an organized financial market is determined at the end of the financial year by the current offer price as of the balance sheet date. If the fair value of the equity participation cannot be reliably determined, the equity participation is shown at amortized cost of purchase. Financial instruments in the category "Loans and Receivables" and "Other Liabilities" are subsequently shown at amortized costs of purchase. Impairments relating to financial instruments are recognized in the income statement, as are available-for-sale financial instruments if an impairment of the asset is objectively necessary. The Group currently does not have any financial instruments in the categories "Measured at Fair Value Through Profit and Loss" and "Held-to-Maturity".

Financial assets are derecognized if i) the contractual right to cash flows generated by the asset expires; ii) the Group retains the right to generate cash flows from the asset but has taken on an obligation to completely and immediately pay the cash flows to a third party within the framework of an agreement for forwarding such cash flow; or iii) the Group has transferred the right to generate cash flows from the asset and either (a) all risks and opportunities associated with the asset have been essentially transferred, or (b) all major risks and opportunities associated with the asset have been neither transferred nor retained, but control over the asset has been transferred.

The fair values of the financial assets or liabilities correspond to the carrying amounts.

A financial liability is derecognized when the obligation arising from the liability is cancelled or suspended, or has expired.



In accordance with IAS 12, deferred taxes are created for temporary differences between the carrying amount of an asset or a liability in the balance sheet and the corresponding tax base of the asset or liability.

Deferred tax assets and deferred tax liabilities are created in an amount sufficient to cover the tax charges and tax credits assumed for the following financial years based on tax laws prevailing as of the balance sheet date. Deferred tax assets resulting from tax losses carried forward are capitalized to the extent that it is probable that there will be a tax profit in the foreseeable future which can be used for netting against the tax losses carried forward.

Deferred taxes have to be calculated using the tax rates applicable at the time at which it is probable that the temporary differences will be settled. The effects of changes in tax legislation which result in regards to deferred tax assets and deferred tax liabilities have to be recognized in the income statement for the period during which the change becomes effective. The tax rate of 32.3 percent (previous year: 32.3 percent) consists of the corporation tax plus solidarity surcharge and the average applicable trade tax rate.

Deferred tax assets must be created if assets are shown with a lower value than the corresponding tax base or if liabilities are shown with a higher value than the corresponding tax base, provided these differences are of a temporary nature and permissible for tax purposes.

Deferred tax assets must be created if assets are shown with a higher value than the corresponding tax base or liabilities are shown with a lower value than the corresponding tax base, provided these differences are of a temporary nature and taxable.

Deferred tax assets for tax losses carried forward which have not yet been utilized are calculated on the basis of a manageable planning period of two years.

Receivables and other assets are recognized with the original amount shown on the invoice less an impairment for irrecoverable amounts. Impairments are recognized whenever there are objective indications that the receivables are no longer recoverable.

Current balances held with banks and cash holdings are shown with their nominal amounts.

In accordance with IAS 32.35, the costs of procuring shareholders' equity are shown as a deduction from shareholders' equity (netted against capital reserves) less any related income tax advantages, but only to the extent that such advantages are likely.

Some employees and senior executives of the Group receive stock-based payment in the form of equity instruments (stock options). The Group measures the cost associated with granting these equity instruments to employees using the fair value of these instruments at the time of granting. The fair value is determined by external experts using recognition valuation models.

The costs arising from the transactions are recognized over the period in which the performance and/or service conditions are satisfied, with a corresponding simultaneous increase in shareholders' equity. This period only ends at the time after which the corresponding employee or senior executive becomes irrevocably authorized to take up the shares (the time of the initial exercising opportunity). The cumulative costs at each time of the reporting period up to the time of the initial exercising possibility reflect that part of the vesting period which has already expired as well as the number of equity instruments which, on the basis of the Group's best estimate, will eventually become vested. The amount which is debited or credited to the income statement reflects the development in cumulative costs recognized at the beginning and at the end of the reporting period. The diluting effect of the outstanding stock options is recognized in the form of additional dilution for the purpose of calculating earnings per share.

The acquisition of treasury shares is recognized directly in equity, and reduces additional paid-in capital accordingly. Financing leases which effectively transfer all risks and the benefits of ownership in the leased asset to the Group are capitalized with the acquisition cost of the asset at the beginning of the lease. Lease payments are broken down into an interest payment and a redemption payment of the debt, resulting in a rate for the remaining liability which is constant over the remaining periods. Financing costs are recognized directly in the income statement. As of December 31, 2009, compared to previous year, the Group did not have any remaining financial leases.

Provisions are recognized if i) the Company has a current obligation arising from a past event, ii) it is likely that an outflow of financial resources will be necessary in order to satisfy the obligation, and iii) a reliable estimate can be made of the extent of the liability.

Contingent liabilities are defined as potential obligations whose existence still has to be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not completely under the control of the Company. Liabilities in relation to which an outflow of resources is unlikely or an outflow of resources cannot be reliably determined are summarized under this item. In accordance with IAS 37, contingent liabilities are not to be shown in the balance sheet.

Revenues from member subscriptions are recognized on a precise daily basis with due consideration being given to the rata duration of the corresponding membership as of the balance sheet date. All advance payments received for periods after the reference date are shown as deferred items in the balance sheet; the revenues for these items are recognized in the following periods.

Revenues from Jobs and Advertising are recognized by date, taking into consideration the pro rata length of the contractual term on the balance sheet date. All advance payments received for periods after the reference date are shown as deferred items in the balance sheet; the revenues for these items are recognized in the following periods.

Trade accounts payable and other liabilities are shown with the amount due for repayment.

Differences due to rounding may occur.

## 7. Company acquisitions and discontinued operations

### Acquisition of shares in Socialmedian Inc.

On February 2, 2009 (closing date), the Group purchased 100 percent of voting rights in Socialmedian Inc., Wilmington, Delaware, USA, which operates an Internet-based social network. The acquisition was recognized using the purchase method. Socialmedian was initially consolidated on March 31, 2009, as the Group assumed control on this date.

The purchasing price amounted to €2,900 thousand for 100 percent of shares, and was paid in 2009 by means of a cash payment of €1,806 thousand and a capital increase of €1,094 thousand, completed in March 2009. In addition, costs directly attributable to the purchase amounting to €347 thousand were capitalized, as were payments of €205 thousand into the equity of Socialmedian.

The following depicts cash outflows arising from the acquisition of 100 percent of shares in the company:

in € thousand	
Cash acquired with the subsidiary	15
Cash outflows	(2,358)
<b>Cash outflows (net)</b>	<b>(2,343)</b>

Socialmedian had a negative impact of €-261 on the Group's results for the period 2009. The recognized goodwill is attributable to the anticipated synergies and other benefits resulting from combining the assets and activities of Socialmedian with those of the Group.

The fair values of the identifiable assets and liabilities of Socialmedian correspond to the carrying amounts at the point of initial consolidation, and are broken down as follows:

Initial consolidation in € thousand	03/31/2009
Purchase price of acquisition	2,900
Capital increase Socialmedian	205
Ancillary purchase costs	347
<b>Total</b>	<b>3,452</b>
Shareholders' equity Socialmedian	(514)
<b>Goodwill</b>	<b>2,938</b>

Assets of €443 thousand were acquired as part of the purchase of Socialmedian Inc.

As a result of changes to the corporate strategy, the synergies and other advantages resulting from the acquisition of Socialmedian will presumably not be able to be used in the future. Therefore, an allowance representing the goodwill and 100 percent of all other assets had to be recognized as of December 31, 2009.

Other disclosures in accordance with IFRS 3.70 cannot be provided due to the absence of IFRS figures.

**Acquisition of shares in cember.net (new: XING Turkey):**

On January 23, 2008, the Group acquired 80 percent of the shares with voting rights in EUDA Uluslararası Danışmanlık ve Bilisim Hizmetleri Limited Şirketi ("cember.net"), Istanbul, Turkey, the largest Turkish contact network. The Group acquired and paid for the remaining 20 percent in February 2009. As a result of the put/call option for the remaining shares, the economic property was already considered during the initial consolidation. The acquisition was balanced according to the purchase method. cember.net was initially consolidated on January 23, 2008.

The purchasing price amounted to €4,673 thousand for 100 percent of shares, and was partially settled in 2008 by means of two cash payments of €1,930 thousand and €250 thousand. The remainder of €2,180 thousand for the remaining 20 percent of shares was paid in February 2009 in accordance with the terms of the agreement. In addition, costs directly attributable to the purchase amounting to €313 thousand were capitalized.

The following depicts cash outflows arising from the acquisition of 100 percent of shares:

in € thousand	
Means of payment acquired with the subsidiary	35
Cash outflows <sup>1)</sup>	(4,673)
<b>Cash outflows (net)</b>	<b>(4,638)</b>

<sup>1)</sup> Of this amount, €2,180 thousand was paid out in February 2009 for the remaining 20 percent of shares in cember.net.

cember.net had a negative impact of €55 thousand on the Group's results for the period 2009. The recognized goodwill is attributable to the anticipated synergies and other benefits resulting from combining the assets and activities of cember.net with those of the Group.

The fair values of the identifiable assets and liabilities of cember.net correspond to the carrying amounts at the point of initial consolidation, and are broken down as follows:

Initial consolidation in € thousand	01/23/2008
Purchase price	4,360
Ancillary purchase costs	313
<b>Total</b>	<b>4,673</b>
Value of customer relations	(528)
Shareholders' equity cember.net	(73)
Deferred tax liabilities	106
<b>Goodwill</b>	<b>4,178</b>

Carrying amount in € thousand	12/31/2008
Goodwill	4,178
Intangible assets (customer relations)	528
Depreciation	(26)
<b>Carrying amount as of 12/31/2008</b>	<b>502</b>
Deferred tax liabilities	106
Releasing 2008	(5)
<b>Carrying amount as of 12/31/2008</b>	<b>101</b>

Assets of €169 thousand and liabilities of €96 thousand were acquired as part of the purchase of cember.net.

Customer relations are depreciated as planned following the customer migration from the cember.net platform to the XING platform.

Other disclosures in accordance with IFRS 3.70 cannot be provided due to the absence of IFRS figures.

#### Acquisition of shares in XING Hong Kong Ltd.

In January 2008, the Group topped up its shares in XING Hong Kong Ltd. (formerly openBC China Ltd.) from 55 percent to 85 percent. The purchase price was €365 thousand, and was paid in cash. As part of the purchase price allocation process, the entire purchase price was allocated to goodwill due to the lack of identifiable major assets. The process of topping up the shares has indirectly resulted in an increase in the shareholding in openBC Network Technology Co. Ltd., Beijing, China.

In January 2009, the Group topped up its shares in XING Hong Kong Ltd. from 85 percent to 100 percent. The purchase price was €80 thousand. The acquisition increased the goodwill accordingly, as XING Hong Kong was already fully consolidated for FY 2008.

#### Founding of XING Switzerland GmbH, Sarnen, Switzerland

On September 23, 2008, XING Switzerland was founded in Sarnen, Switzerland, with equity of CHF 20 thousand.

#### Founding of XING Italy S.R.L., Milan, Italy

On January 13, 2009, XING Italy S.R.L. was founded in Milan. The goal of XING Italy was to promote the XING website and sell XING products in Italy. As a result of the difficult market environment and the experiences in the first months of operation, a decision was made in September 2009 to end activities in Italy, because the financial commitment necessary to realistically achieve the set goals was deemed too high. This Q3 report includes provisions for losses amounting to €400 thousand associated with the liquidation of XING Italy S.R.L. This amount includes €300 thousand for personnel costs, as well as €50 thousand in liabilities for consultants and €50 thousand for the landlord of the business office in Milan. These provisions for losses were mostly exhausted in Q4/2009.

## B Notes to the balance sheet

### 8. Revenues from services

Revenues primarily derive from membership fees by Premium Members (Subscriptions), as well as fees from the sale of job ads (Jobs). At the end of 2009, two additional products were launched, Recruiter Accounts and Company Pages.

Revenues attributable to services can be broken down as follows as of December 31, 2009:

in € thousand	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Subscriptions	37,114	27,669
e-Recruiting	4,412	3,964
Advertising	2,370	3,009
Other	104	58
<b>Total</b>	<b>44,000</b>	<b>34,701</b>

The "Marketplace" segment was renamed "e-Recruiting" in 2009.

Earnings from returned bank transfers amounting to €471 thousand (previous year: €203 thousand) were not included under revenues in 2009, but rather under other operating income. Furthermore, revenues from "Groups" amounting to €378 thousand (previous year: €236 thousand) were reclassified from the Subscriptions segment to Advertising. Figures for the previous financial year have been adjusted accordingly.

#### 9. Other operating income

The following table breaks down the primary items of other operating income:

in € thousand	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Earnings from returned bank transfers	471	203
Earnings from non-cash benefits	130	43
Income from currency translation	100	113
Income attributable to other periods	0	32
Income from disposal of assets	0	14
Other	384	169
<b>Total</b>	<b>1,085</b>	<b>573</b>

Earnings from returned bank transfers amounting to €471 thousand (previous year: €203 thousand) were not included under revenues in 2009, but rather under other operating income. The figures from the previous year were adjusted accordingly.

#### 10. Personnel expenses

The following table breaks down the personnel expenses including the costs of freelance staff:

in € thousand	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Wages, salaries and other types of emolument	11,670	6,337
Stock option program	1,048	1,136
Contributions to social insurance (employer's contribution)	1,837	908
Accruals for vacation	170	31
Training	271	207
Pensions costs (defined-contribution benefit plan)	227	153
Restructuring Italy	300	0
Other	159	35
<b>Total</b>	<b>15,682</b>	<b>8,807</b>

The social insurance contributions include payments of €870 thousand into the statutory pension insurance scheme (previous year: €437 thousand).

### 11. Marketing expenses

Marketing expenses are broken down as follows:

in € thousand	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Marketing costs	5,157	4,087
Events	56	132
Sales commission	73	128
Other	19	28
<b>Total</b>	<b>5,305</b>	<b>4,375</b>

### 12. Other operating expenses

The following table breaks down the primary items of other operating expenses:

in € thousand	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
IT services, management services and services for new markets	3,914	2,790
Legal advice, audit and accounting fees	1,986	2,112
Office costs	1,075	406
Server-Hosting, management and traffic	1,259	1,517
Payment costs	1,894	1,430
Travel, entertainment and other business expenses	707	497
Other	1,375	1,143
<b>Total</b>	<b>12,210</b>	<b>9,896</b>



### 13. Depreciation

Depreciation is recognized on a straight-line basis over the probable service life of the corresponding asset, and is broken down as follows:

in € thousand	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Depreciation on intangible assets		
Purchased software	3,708	438
Self-developed software	2,007	860
Goodwill and Financial assets	3,677	0
Other intangible assets	607	408
Depreciation on property, plant and equipment	828	558
Depreciation on finance leases (purchase losses)	110	162
<b>Total</b>	<b>10,937</b>	<b>2,426</b>

The depreciation table includes one-off, non-recurring depreciation amounting to €5,398 thousand, representing the goodwill of Socialmedian (€2,994 thousand, previous year: €0 thousand), the Socialmedian platform (€312 thousand, previous year: €0 thousand), the goodwill of XING Hong Kong (€484 thousand, previous year: €0 thousand), the goodwill of Plazes (€199 thousand, previous year: €0 thousand), and the billing system (€1,409 thousand, previous year: €0 thousand).

### 14. Financial income and financial expenses

The financial result can be broken down as follows:

in € thousand	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Financial income	359	1,185
Financial expenses	(37)	(20)
<b>Total</b>	<b>322</b>	<b>1,165</b>

## 15. Taxes on income

The result of taxes on income can be broken down as follows:

in € thousand	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Corporation tax (incl. solidarity surcharge)	463	1,799
Trade tax	864	917
Deferred tax (income)	986	859
Additional tax payments for previous years	577	(3)
Other tax	21	14
<b>Total</b>	<b>2,911</b>	<b>3,586</b>

The following table shows the breakdown of deferred taxes in the income statement:

in € thousand	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Capitalization of tax losses carried forward	(25)	1,280
Recognition of self-developed software	535	569
Other	(47)	(50)
<b>Total</b>	<b>463</b>	<b>1,799</b>

The following overview reconciles the expected tax result with the actual tax result:

in € thousand	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Earnings before taxes (EBT)	1,230	10,904
Expected tax result	397	(3,519)
Tax effects attributable to		
Additional tax payments for previous years	577	3
Capitalization of tax losses carried forward from previous years	0	0
Deferred taxes not shown in relation to losses carried forward	350	0
Varying foreign tax rates	(4)	(8)
Expenses not allowable for tax purposes	1,591	(62)
<b>Actual tax result</b>	<b>2,911</b>	<b>(3,586)</b>

The theoretical tax rate is determined as follows:

in %	12/31/2009	12/31/2008
Corporate tax including solidarity surcharge (effective)	15.83	15.825
Trade tax rate	16.45	16.85
Average tax rate	32.28	32.275

Deferred taxes are broken down in the balance sheet as follows:

in € thousand	12/31/2009	12/31/2008
Tax losses carried forward	346	346
Recognition of self-developed software	(2,051)	(1,516)
Intangible assets (customer relations)	(545)	(588)
Other	(49)	(53)
<b>Total</b>	<b>(2,299)</b>	<b>(1,811)</b>

The deferred tax assets (€346 thousand, previous year: €346 thousand) and deferred tax liabilities (€2,646 thousand, previous year: €2,157 thousand) were not netted.

The tax loss carry-forwards in Germany were completely consumed as of December 31, 2008. In Spain, there are remaining loss carry-forwards of approximately €1.2 million. Loss carry-forwards can be carried forward and utilized for 15 years in Spain.

The deferred taxes for intangible assets (customer relations) have declined as a result of the depreciation of customer relations.

## 16. Earnings per share

### Number of shares in circulation

Earnings per share define which part of the earnings generated in a particular period is attributable to a single share. For this purpose, the consolidated result attributable to the shareholders of the parent company is divided by the weighted number of outstanding shares. This parameter is diluted by what are known as potential shares, as is the case with stock options issued by XING to employees.

The weighted number of shares in circulation for FY 2009 includes the shares bought back in the period from January 6 to January 20, 2009. The following table shows the shares bought back by the Company as well as the weighted number of shares in circulation for FY 2009:

Consolidated results	Average number of shares/stock from capital increase	Undiluted earnings per share	Number of days	Weighted number of shares
01/01/2009	0	5,120,746	5	70,147
01/06/2009	(4,000)	5,116,746	1	14,018
01/07/2009	(3,366)	5,113,380	1	14,009
01/08/2009	(3,432)	5,109,948	1	14,000
01/09/2009	(3,352)	5,106,596	3	14,972
01/12/2009	(3,131)	5,103,465	1	13,982
01/13/2009	(3,213)	5,100,252	1	13,973
01/14/2009	(1,355)	5,098,897	1	13,970
01/15/2009	(2,364)	5,096,553	1	13,963
01/16/2009	(6,215)	5,090,318	1	13,946
01/20/2009	(1,450)	5,088,868	4	55,768
04/24/2009	70,073	5,158,941	95	1,342,738
06/10/2009	674	5,159,615	250	3,533,983
<b>Total</b>	<b>38,869</b>	<b>5,159,615</b>	<b>365</b>	<b>5,156,470</b>

#### Undiluted earnings per share

Undiluted earnings per share are calculated as follows:

	12/31/2009	12/31/2008
Earnings attributable to the shareholders of the parent company in € thousand	(1,681)	7,324
Average number of shares	5,156,470	5,196,383
Undiluted earnings per share in €	(0.33)	1.41
Undiluted earnings from continued business divisions per share in €	(0.33)	1.41

#### Diluted earnings per share

In December 2006, the Company issued a total of 160,617 stock options to employees and senior executives of the Group. An additional 51,178 stock options were issued in September 2007. In March 2008, 67,017 stock options were issued to employees. In November 2008, an additional 85,404 stock options were issued to employees. In 2009, an additional 153,000 stock options were issued. Each stock option entitles the owner to subscribe to one ordinary share or receive compensation in cash. For calculating diluted earnings, it has to be assumed that the options are serviced by means of shares in accordance with IAS 33.58.

The potential ordinary shares dilute earnings if the options are "in the money", meaning the exercise price is lower than the market price. The average price of a period is used for comparison with the market price. IFRS 2 **Share-based Payment** is applicable to the stock options of XING AG. In this case, the issue price of the option must include the fair value which will accrue to the Company during the vesting period of the options as a result of the work of the employee. The fair value of the option upon granting is used for determining the fair value of the work of the employee accruing to the Company. This value declines over the course of the lock-out period.

The following overview depicts the stock options and lock-out period of XING AG:

	in €	2 years	3 years	4 years
December 2006	30.00	80,115	40,058	40,058
September 2007	36.55	27,100	12,950	12,400
March 2008	40.60	33,509	16,754	16,754
September 2008	33.25	46,379	23,190	23,190
January 2009	30.00	50,000	25,000	25,000
August 2009	27.80	12,500	6,250	6,250
November 2009	33.16	14,000	7,000	7,000

The average market price of the shares of XING AG during FY 2009 was €30.87 (average closing price). Accordingly, only the options granted in December 2006, January and August 2009 can be considered to be diluting. However, all other options may have a diluting effect in subsequent periods. In the previous year, the options granted in December 2006 and September 2008 were considered to have a diluting effect for the purpose of calculating diluted earnings.

The options have the following fair values upon granting, which are spread over the lock-out period as work which still has to be provided (for the sake of simplification, the lower fair value is used for calculation purposes. This does not have any impact on earnings.)

Month of issue	Fair value in return in €	Remaining value in € for non-performance during lock-out period		
		2 years	3 years	4 years
December 2006	9.27 - 10.62	0.00	0.00	2.44
January 2008	5.92 - 5.88	2.96	3.95	4.41
August 2008	9.38 - 10.77	7.43	8.70	9.65

Month of issue	Issue price of the option including the remaining value in € for non-performance during lockout period		
	2 years	3 years	4 years
December 2006	30.00	30.00	32.44
January 2009	32.96	33.95	34.41
August 2009	35.23	36.50	37.45

Accordingly, only the stock options granted in December 2006, for which the lock-out period upon granting was two or three years, were priced lower than the average market price of €30.87.

Of the stock options granted at that time, the following have not yet expired:

Month of issue	Number of non-lapsed share options with lockout period	
	2 years	3 years
December 2006	38,133	19,067

Using the “treasury stock method”, the dilution effect can be calculated as follows:

- For the 38,133 options whose lock-out period has expired:
 

Proceeds received upon conversion of the options:	€1,143,990
Theoretically repurchased shares:	37,058 shares
Difference in relation to the number of options granted:	1,075 shares
  
- For the 19,067 options whose lock-out period has expired:
 

Proceeds received upon conversion of the options:	€572,010
Theoretically repurchased shares:	18,530 shares
Difference in relation to the number of options granted:	537 shares

When calculating diluted earnings per share, it is necessary to use 1,612 more shares than the figure used for calculating undiluted earnings.

Diluted earnings per share are accordingly calculated as follows:

	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Share earnings attributable to shareholders of the parent Company from continued operations in € thousand	(1,681)	7,324
Average number of share	5,158,082	5,203,377
<b>Diluted earnings per share in €</b>	<b>(0.33)</b>	<b>1.41</b>

## C Notes to the balance sheet

### 17. Non-current assets

#### Impairment tests for goodwill and intangible assets with indefinite economic service life

For the purpose of determining the value, the goodwill acquired as part of company mergers and acquisitions has been allocated to the following three cash generating units (CGU) which are part of the reported segment:

- Subscriptions
- e-Recruiting
- Advertising
- Other

The goodwill has been allocated to the CGUs based on the revenue distribution formula resulting from the revenue breakdown in the planning model below:

in € thousand	12/31/2009
Subscriptions	10,164
e-Recruiting	2,255
Advertising	916
Others	104
<b>Total</b>	<b>13,440</b>

The examination of the intrinsic value did not lead to a value diminution.

#### Cash-generating unit Subscriptions

The recoverable amount from the CGU **Subscriptions** is based on cashflow forecasts for the 2010 budget, approved by Management. For the years 2011-2014, the budget for 2010 has been extrapolated on the assumption of moderate revenue growth. The revenue growth is based on the existing client base, which will continue to develop over the coming years.

Based on the assessment of the Executive Board, expenses are expected to increase from 2011 to 2014 by 2 percent less than the increase in revenue growth during the same time period. As Management was not able to make a reliable estimate for the infinity assessment in the business model of the Company due to a lack of comparison objects, a growth factor of 0 percent has been assumed for considerations of prudence. The discount factor for taxes used for cashflow forecasts is 9.1 percent.

#### Cash-generating unit e-Recruiting

The recoverable amount from the CGU **e-Recruiting** is based on cashflow forecasts for the 2010 budget, approved by Management. For the years 2011-2014, the budget for 2010 has been extrapolated on the assumption of double-digit revenue growth. As the e-Recruiting segment is not yet established, the Company is lacking reliable estimates for the infinity assessment. For reasons of precaution, a growth factor of 0 percent has again been assumed. The discount factor for taxes used for cashflow forecasts is also 9.1 percent.

#### Cash-generating unit Advertising

The recoverable amount from the CGU **Advertising** is based on cashflow forecasts for the 2010 budget, approved by Management. For the years 2010-2014, the budget for 2010 has been extrapolated on the assumption of considerable double-digit revenue growth. As the Advertising segment is also not yet established, the Company is lacking reliable estimates for the infinity assessment. For reasons of precaution, a growth factor of 0 percent has again been assumed. The discount factor for taxes used for cashflow forecasts is also 9.1 percent.

#### Cash-generating unit Others

The recoverable amount from the CGU **Others** is based on cashflow forecasts for the 2010 budget, approved by Management. For the years 2010-2014, the budget for 2010 has been extrapolated on the assumption of high revenue growth. As the Others segment is also not yet established, the Company is lacking reliable estimates for the infinity assessment. For reasons of precaution, a growth factor of 0 percent has again been assumed. The discount factor for taxes used for cashflow forecasts is also 9.1 percent.

#### Sensitivity of the assumptions

Management is of the opinion that a change in one of the fundamental assumptions made for determining the value in use of the cash-generating units, which is fundamentally possible following reasonable assessment, could not result in the carrying amount of the CGU greatly exceeding its recoverable amount.

As of the reference date, the intangible assets include brand rights, the customer base, purchased software and self-developed software, and goodwill.

The carrying amount for purchased software increased by €869 thousand to €4,952 thousand (previous year: €3,821 thousand).

The carrying amount for self-developed software increased by €1,658 thousand during the reporting period, from €4,969 to €6,354 thousand. Acquisition costs increased by €3,655 thousand during the same period, from €7,323 thousand to €10,988 thousand. Software development during FY 2009 focused especially on the products and features Jobs, OpenSocial, Recruiter Accounts, and Company Pages.

The economic service life of the XING platform was set at five years at the beginning of FY 2008. The remaining service life of the self-developed website is thus 36 months. Development costs recognized in the income statement amounted to €1,578 thousand (previous year: €1,365 thousand). Development costs recognized in the income statement under personnel expenses amounted to €1,487 thousand (previous year: €1,162 thousand).

The following asset analysis shows the development of fixed assets:



## Consolidated statement in changes of fixed assets

for the financial year to December 31, 2009

in € thousand	01/01/2009	Purchase and production costs			12/31/2009
		Additions	From first-time consolidation	Disposals	
<b>I. Intangible assets</b>					
1. Self-developed software	7,323	3,665	0	0	10,988
2. Purchased software and licenses	4,480	1,731	0	0	6,211
3. Goodwill	13,823	100	2,994	0	16,917
4. Other intangible assets	3,169	3,528	441	0	7,138
	<b>28,795</b>	<b>9,024</b>	<b>3,435</b>	<b>0</b>	<b>41,254</b>
<b>II. Property, plant and equipment</b>					
1. Leasehold improvements	516	211	0	0	727
2. Technical equipment and machines	37	0	0	0	37
3. Other furniture and office equipment	2,852	1,150	2	(9)	3,994
4. Payments on account and construction in progress	0	0	0	0	0
	<b>3,405</b>	<b>1,361</b>	<b>2</b>	<b>(9)</b>	<b>4,759</b>
<b>III. Financial assets</b>					
1. Other holdings	24	226	0	0	250
2. Other financial assets	20	4	0	0	24
	<b>44</b>	<b>230</b>	<b>0</b>	<b>0</b>	<b>274</b>
<b>Total</b>	<b>32,244</b>	<b>10,615</b>	<b>3,437</b>	<b>(9)</b>	<b>46,287</b>

01/01/2009	Depreciation and adjustments			Carrying amounts	
	Additions	Disposals	12/31/2009	12/31/2009	12/31/2008
(2,627)	(2,007)	0	(4,634)	6,354	4,696
(659)	(2,600)	0	(3,859)	2,952	3,821
0	(3,477)	0	(3,477)	13,440	13,823
(831)	(1,715)	0	(2,546)	4,592	2,338
<b>(4,117)</b>	<b>(9,799)</b>	<b>0</b>	<b>(13,916)</b>	<b>27,338</b>	<b>24,678</b>
(24)	(59)	0	(83)	644	492
(37)	0	0	(37)	0	0
(1,447)	(879)	5	(2,321)	1,674	1,405
0	0	0	0	0	0
<b>(1,508)</b>	<b>(938)</b>	<b>5</b>	<b>(2,441)</b>	<b>2,317</b>	<b>1,897</b>
0	(200)	0	(200)	50	24
0	0	0	0	24	20
<b>0</b>	<b>(200)</b>	<b>0</b>	<b>(200)</b>	<b>74</b>	<b>44</b>
<b>(5,625)</b>	<b>(10,937)</b>	<b>5</b>	<b>(16,557)</b>	<b>29,729</b>	<b>26,619</b>

## Comparison period: Consolidated statement in changes of fixed assets for the financial year to December 31, 2008

in € thousand	01/01/2008	Purchase and production costs			12/31/2008
		Additions	From first-time consolidation	Reclassifications	
<b>I. Intangible assets</b>					
1. Self-developed software	4,701	2,622	0	0	7,323
2. Purchased software and licenses	528	2,598	1,354	0	4,480
3. Goodwill	9,280	4,543	0	0	13,823
4. Other intangible assets	2,477	692	0	0	3,169
	<b>16,986</b>	<b>10,455</b>	<b>1,354</b>	<b>0</b>	<b>28,795</b>
<b>II. Property, plant and equipment</b>					
1. Leasehold improvements	58	458	0	0	516
2. Technical equipment and machines	37	0	0	0	37
3. Other furniture and office equipment	2,149	748	0	(45)	2,852
4. Payments on account and construction in progress	1,062	292	(1,354)	0	0
	<b>3,306</b>	<b>1,498</b>	<b>(1,354)</b>	<b>(45)</b>	<b>3,405</b>
<b>III. Financial assets</b>					
1. Other holdings	200	24	0	(200)	24
2. Other financial assets	132	0	0	(112)	20
	<b>332</b>	<b>24</b>	<b>0</b>	<b>(312)</b>	<b>44</b>
<b>Total</b>	<b>20,624</b>	<b>11,977</b>	<b>0</b>	<b>(357)</b>	<b>32,244</b>

01/01/2009	Depreciation and adjustments		12/31/2008	Carrying amounts	
	Additions	Reclassifications		12/31/2008	12/31/2007
(1,767)	(860)	0	(2,627)	4,696	2,934
(221)	(438)	0	(659)	3,821	307
0	0	0	0	13,823	9,280
(423)	(408)	0	(831)	2,338	2,054
<b>(2,411)</b>	<b>(1,706)</b>	<b>0</b>	<b>(4,117)</b>	<b>24,678</b>	<b>14,575</b>
(4)	(20)	0	(24)	492	54
(37)	0	0	(37)	0	0
(726)	(720)	0	(1,446)	1,405	1,423
0	0	0	0	0	1,062
<b>(767)</b>	<b>(740)</b>	<b>0</b>	<b>(1,507)</b>	<b>1,897</b>	<b>2,539</b>
0	0	0	0	24	200
0	0	0	0	20	132
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>332</b>
<b>(3,178)</b>	<b>(2,446)</b>	<b>0</b>	<b>(5,624)</b>	<b>26,619</b>	<b>17,446</b>

The goodwill as of December 31, 2009 is split as follows: XING Spain €8,070 thousand, eConozco €1,192 thousand und XING Turkey €4,178 thousand.

In FY 2009, other intangible assets included carrying amounts for customer relations of the acquired foreign subsidiaries XING Spain (€996 thousand, previous year: €1,263 thousand), XING Turkey (€449 thousand, previous year: €515 thousand), and eConozco (€233 thousand, previous year: €308 thousand).

Net currency differences attributable to intangible assets arising from the currency conversion of subsidiaries were considered to be negligible.

Property, plant and equipment as of December 31, 2009, consisted of computer hardware and other operating and business equipment amounting to €2,317 thousand (previous year: €1,897 thousand).

Net currency differences attributable to tangible assets arising from the currency conversion of subsidiaries in Turkey and Asia are considered to be negligible.

The carrying amount of leased property, plant and equipment amounts to €0 thousand (previous year: €111 thousand).

As of the reference date, the other financial assets include equity participations in the company "KennstDuEinen" (€50 thousand, previous year: €24 thousand), long-term deposits for payment systems (€0 thousand, previous year: €5 thousand) and rent deposits (€18 thousand, previous year: €14 thousand).

In the financial years 2008 and 2009, deferred tax assets and deferred tax liabilities were not netted, as the criteria of IAS 12.71 were not satisfied.

#### 18. Current assets

A carrying amount of €0 thousand (previous year: €38 thousand) was reported for inventories as of December 31, 2009.

As in the previous year, most of the receivables arising from services in the balance sheet were due within one year.

The tax refund claims relate mostly to withheld tax on unearned income.

The following table sets out the other assets:

in € thousand	12/31/2009	12/31/2008
Cost cut-off	981	865
Other assets	260	416
<b>Total</b>	<b>1,241</b>	<b>1,281</b>

Cash and cash equivalents and short-term deposits as of the reference date consisted of freely disposable cash at banks amounting to €42,861 thousand (previous year: €42,921 thousand) and cash in hand of €1 thousand (previous year: €1 thousand).

## 19. Shareholders' equity and minorities

### Share capital

The share capital of the Company amounted to €5,272,447 on December 31, 2009 (previous year: €5,201,700), and consists of 5,272,447 no-par-value registered shares at a calculative value of €1.00 of the share capital. The share capital is paid in full. Each share entitles its bearer to voting rights at the Annual General Meeting. Excepted are 112,832 treasury shares, which do not entitle the Company to any rights. Barring this exception, all shares grant the same rights.

In connection with the purchase of New York-based Socialmedian Inc., 70,073 shares were issued to the seller, increasing the share capital of XING AG by €70,073. The remaining increase in share capital of €674 is due to the issue of shares offered in connection with the Stock Option Plan 2006.

### Authorized Capital 2006

The Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital in full or in part and on one or more occasions by a total of up to €1,925,850.00 in the period until October 31, 2011, by issuing up to 1,925,850 new no-par-value registered shares against cash and/or non-cash contributions (Authorized Capital 2006). In the case of a capital increase against cash contributions, shareholders must be granted subscription rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude fractions from and to exclude to the extent it is necessary to ensure the holders of warrants, convertible bonds or warrant-linked bonds issued by the Company or subordinate Group companies in Germany or abroad can be granted subscription rights for new shares to the extent that they would be entitled if they exercised their options or conversion rights or the Company met its conversion obligations. Furthermore, the Executive Board is authorized to exclude with the approval of the Supervisory Board if the issue price of the new shares is not significantly lower than the market price of already listed shares of the same category and rights as per sections 203 (1) and (2), 186 (3) line 4 AktG (German Stock Corporation Act) at the time in which the issue price is definitively set by the Executive Board, and provided the total value of the shares issued per section 186 (3) line 4 AktG do not exceed 10 percent of the existing share capital when the authorization is entered, or - if lower - the existing share capital at the time in which the new shares are issued. Shares which have been sold or issued with the exclusion of subscription rights as a result of other authorizations upon the direct or corresponding application of section 186 (3) line 4 AktG must be offset in relation to the restriction. The subscription right of shareholders is excluded in the event of capital increases in return for non-cash contributions, and in particular in conjunction with the acquisition of companies, equity participations or assets. The Executive Board is authorized, with the approval of the Supervisory Board, to define additional content of subscription rights and the conditions of the share issue.

The Executive Board exercised this authorization with the permission of the Supervisory Board in 2009, increasing the share capital by €70,073 by issuing 70,073 no-par-value registered shares. After this increase in capital, the Authorized Capital 2006 now amounts to €1,855,777.00.

#### Authorized capital 2008

The Executive Board is further authorized, with the approval of the Supervisory Board, to increase the share capital in full or in part and on one or more occasions by a total of up to €675,00.00 in the period until May 20, 2013, by issuing up to 675,000 new no-par-value registered shares against cash and/or non-cash contributions (Authorized Capital 2008). In the case of a capital increase against cash contributions, shareholders must be granted subscription rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude fractions from shareholder subscription rights and to exclude shareholder subscription rights to the extent it is necessary to ensure the holders of warrants, convertible bonds or warrant-linked bonds issued by the Company or subordinate Group companies in Germany or abroad can be granted subscription rights for new shares to the extent that they would be entitled if they exercised their options or conversion rights or the Company met its conversion obligations.

Furthermore, the Executive Board is authorized to exclude shareholder options with the approval of the Supervisory Board if the issue price of the new shares is not significantly lower than the market price of already listed shares of the same category and rights as per sections 203 (1) and (2), 186 (3) line 4 AktG at the time in which the issue price is definitively set by the Executive Board, and provided the total value of the shares issued per section 186 (3) line 4 AktG do not exceed 10 percent of the existing share capital when the authorization is entered, or – if lower – the existing share capital at the time in which the new shares are issued. Shares which have been sold or issued with the exclusion of subscription rights as a result of other authorizations upon the direct or corresponding application of section 186 (3) line 4 AktG must be offset in relation to the restriction.

The subscription right of shareholders is excluded in the event of capital increases in return for non-cash contributions, and in particular in conjunction with the acquisition of companies, equity participations or assets. The Executive Board is authorized, with the approval of the Supervisory Board, to define additional content of subscription rights and the conditions of the share issue.

The Executive Board has not yet made use of this authorization.

#### Contingent Capital I 2006

Pursuant to resolution of the Annual General Meeting of November 3, 2006, the share capital of the Company is contingently increased by €288,822.00 by issuing up to 288,822 new no-par-value shares (Contingent Capital I 2006). The contingent capital I 2006 serves to ensure that the Company can satisfy subscription rights arising from stock options issued by the company as part of the 2006 Stock option plan in the period until October 31, 2011, on the basis of the authorization granted at the Annual General Meeting on November 3, 2006. The contingent capital increase will only be implemented to the extent that stock options are issued, the holders of these stock options exercise their subscription rights for shares of the Company, and the Company does not offer to satisfy the subscription rights with treasury shares or a cash settlement. The shares are issued out of the Contingent Capital at the exercise price defined in accordance with c) (e) of Agenda item 6 of the Annual General Meeting on November 3, 2006, or as set out in the new rules by resolution of the Annual General Meeting on May 28, 2009. The new shares participate in the profits from the beginning of the financial year in which no resolution has yet been made at the Annual General Meeting regarding the appropriation of cumulative profit at the time the subscription right is exercised.

Contingent Capital 2006 was partially rescinded by resolution of the Annual General Meeting on May 28, 2009, when it amounted to €200,822.00. The share capital increased by €674.00 in 2009 through the issue of 674 subscription shares for the nominal par of €674.00. Following this issue, Contingent Capital 2006 amounted to €200,148.00.

#### Contingent Capital II 2006

Pursuant to resolution of the Annual General Meeting of November 3, 2006, the share capital of the Company was contingently increased by €1,540,680.00 by issuing up to 1,540,680 new no-par-value shares (Contingent Capital II 2006). Contingent Capital II 2006 serves exclusively to ensure that new shares can be issued to the holders of options or conversion rights granted by the Company or companies in which the Company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the Annual General Meeting of November 3, 2006, under Agenda item 7 (a). The new shares will be issued at the conversion or option price to be determined in accordance with this resolution. The contingent capital increase will only be implemented to the extent that the holders of the conversion or option rights take advantage of their conversion or option rights or comply with the conversion obligations arising from such debt instruments. Provided that they are created before the start of the Annual General Meeting, the shares will participate in profit from the beginning of the preceding financial year. Otherwise they will participate in profit from the start of the financial year in which they are created.

#### Contingent Capital 2008

The share capital of the Company was contingently increased by €231,348.00 by issuing up to 231,348 new no-par-value shares (Contingent Capital 2008). Contingent Capital 2008 serves exclusively to ensure that new shares can be issued to the holders of options or conversion rights granted by the Company or companies in which the Company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the Annual General Meeting of May 21, 2008, and the amendment resolution of May 28, 2009.

The contingent capital increase will only be implemented to the extent that holders of conversion or options rights can exercise these rights. Provided that they are created before the start of the Annual General Meeting, the shares will participate in profit from the beginning of the preceding financial year. Otherwise they will participate in profit from the start of the financial year in which they are created.

Contingent Capital 2008 was partially rescinded by resolution of the Annual General Meeting on May 28, 2009, and currently amounts to €129,137.00.

#### Contingent Capital 2009

The share capital of the Company was contingently increased by €197,218.00 by issuing up to 197,218 new no-par-value shares (Contingent Capital 2009). Contingent Capital 2009 serves exclusively to ensure that new shares can be issued to the holders of options or conversion rights granted by the Company or companies in which the Company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the Annual General Meeting of May 28, 2009.



The contingent capital increase will only be implemented to the extent that holders of conversion or options rights can exercise these rights. Provided that they are created before the start of the Annual General Meeting, the shares will participate in profit from the beginning of the preceding financial year. Otherwise they will participate in profit from the start of the financial year in which they are created.

As of the reference date December 31, 2009, the total stock options issued to employees, senior executives and the Executive Board from the Stock Option Plans 2006, 2008, and 2009 which had not yet expired or been already exercised amounted to 369,487.

#### Additional paid-in capital

The additional paid-in capital is mainly comprised of the premium from the cash capital increases carried out in previous years minus the ancillary costs of procuring shareholders' equity.

#### Other reserves

The other reserves include the effects attributable to currency conversion of the financial statements of foreign subsidiaries and the personnel expenses attributable to the stock options program.

#### Minorities

The minorities shown in the FY 2008 consolidated balance sheet and consolidated income statement were transferred to the profits on the balance sheet as a result of the purchase of the remaining shares of XING Hong Kong Ltd.

### 20. Non-current liabilities

The non-current deferred item relates to member subscriptions for future periods with a remaining term of more than one year as of the balance sheet closing date. As of December 31, 2009, the non-current deferred item amounted to €1,275 thousand (previous year: €581 thousand).

### 21. Current liabilities

Corporation tax liabilities and trade tax liabilities of €1,271 thousand (previous year: €1,128 thousand) and €1,426 thousand (previous year: €1,267 thousand) were reported for the period ending December 31, 2009, as well as foreign tax amounting to €50 thousand.

As was the case in FY 2008, trade accounts payable by XING AG as of December 31, 2009, are due within one year without exception. These current liabilities amounted to €802 thousand (previous year: €1,393 thousand).

The trade accounts payable are not interest bearing, and are generally due within 60 days.

The deferred item relates to member subscriptions for future periods. Member subscriptions for future periods with a remaining term of less than twelve months are shown as current deferred items amounting to €14,958 thousand (previous year: €9,725).

The remaining liabilities are shown in the amount due for repayment, and are broken down as follows:

in € thousand	12/31/2009	12/31/2008
Liabilities due to investments	1,050	-
Liabilities due to revenue tax	980	341
Liabilities due to wage and church tax	254	147
Liabilities due to social insurance	32	4
Liabilities due to personnel	3	1
Other	3,309	5,723
<b>Total</b>	<b>5,629</b>	<b>6,216</b>

The remaining other liabilities are mainly comprised of firm commitments (€1,050 thousand, previous year: €0 thousand), liabilities for bonuses and incentive payments to employees (€689 thousand, previous year: €893 thousand), vacation reserves (€285 thousand, previous year: €114 thousand), reserves for reporting and accounting expenses (€182 thousand, previous year: €161 thousand), and sundry other liabilities (€1,103, previous year: €4,555 thousand).

It is assumed that all other liabilities are due within one year.

## D Segment reporting

### Application of IFRS 8: Operating Segments

XING AG conducted segmented reporting in FY 2009. As in previous years, the Group applied IFRS 8 "Operating Segments".

IFRS 8 stipulates that operating segments are to be defined based on existing structures for internal management of group entities whose operating results are regularly reviewed by the key decision maker in the company with the purpose of making decisions on allocating resources to this segment and assessing the segment's profitability.

The accounting principles applicable to this segment, which is subject to reporting requirements, are consistent with the disclosures in the section "Summary of major accounting policies" in these Notes.

### Segments subject to reporting requirements

XING AG has one segment subject to reporting requirements, with the business areas "Subscriptions", "e-Recruiting", "Advertising", and "Others".

The "Subscriptions" business area is comprised of membership subscriptions.

The "e-Recruiting" business area includes revenues from the sale of job ads and revenues from Recruiter Account subscriptions.

The "Advertising" business area includes revenues from advertising, "Best Offers", "Company Pages", and "Enterprise Groups".

The "Other" business area reports other operations of XING AG which are of minor significance from the point of view of the Group.

#### Segment revenues

The segment revenues for the period under review are shown in the following tables:

in € thousand	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Subscriptions	37,114	27,669
e-Recruiting	4,412	3,964
Advertising	2,370	3,009
Other	104	58
<b>Total</b>	<b>44,000</b>	<b>34,701</b>

The "Subscriptions" business area includes revenues from member subscriptions, "e-Recruiting" includes revenues from job ads and Recruiter Accounts, while "Advertising" includes ads placed on the XING platform, Best Offers, Groups and Company Profiles.

in € thousand	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
DACH	41,993	32,981
International	2,006	1,720
<b>Total</b>	<b>44,000</b>	<b>34,701</b>

The former differentiation into the geographic segments Germany, rest of Europe, Asia, Americas, and Other, has been changed to DACH (Germany, Austria and Switzerland), and International and the previous years' figures were adjusted retroactively. This new geographic differentiation now reflects the new organizational focus.

### Non-current assets

The segmented non-current assets for the period under review are shown in the following tables:

Non-current assets in € thousand	12/31/2009	12/31/2008
DACH	16,503	17,413
International	13,572	9,552
<b>Total</b>	<b>30,075</b>	<b>26,965</b>

### E Cash and cash equivalents

As of December 31, 2009, cash and cash equivalents amounted to €42,862 thousand (previous year: €42,922 thousand), consisting of cash and cash equivalents from Germany (€42,656 thousand, previous year: €42,847 thousand), from China (€71 thousand, previous year: €47 thousand), from Spain (€3 thousand, previous year: €1 thousand), from Turkey (€66 thousand, previous year: €14 thousand), from the USA (€10 thousand, previous year: €0 thousand), from Italy (€25 thousand, previous year: €0 thousand) and from Switzerland (€31 thousand, previous year: €13 thousand).

Cash and cash equivalents consist mainly of cash at banks, on which interest is earned at variable rates for overnight deposits.

Movements in Group cash and cash equivalents are shown in the consolidated cashflow statement. Other cash flows included in the consolidated cashflow statement consisted of the following components during the reporting period:

in € thousand	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Interest received	359	1,185
Interest paid	(37)	(20)
<b>Total</b>	<b>322</b>	<b>1,165</b>

### F Other disclosures

#### Contingent liabilities and financial obligations

The determination as to whether an agreement includes a lease is based on the financial content of the agreement is based on the financial content of the agreement at the time in which the agreement is executed, and involves an assessment as to whether fulfillment of the contractual agreement depends on the use of a certain asset or of certain assets, and whether the agreement confers a right to use the asset.

Operating leases have been taken out by the Group for business premises and staff apartments. The leases have an average term of between three and four years, and cannot be extended.

Future minimum lease payments existing as of December 31, 2009, in accordance with the operating leases which cannot be terminated, are shown in the following table:

in € thousand	12/31/2009	12/31/2008
Up to two years	1,701	367
More than two years and less than five years	2,592	2,329
More than five years	0	0
<b>Total</b>	<b>4,293</b>	<b>2,696</b>

The Group recognized lease payments of €111 thousand (previous year: €225 thousand).

The Group had finance leases for IT hardware and servers until 2009. The term of these leases ranges from 30 to 60 months. Each lease has an extension clause, but do not contain purchase options or value insurance clauses. They can be extended for further periods of six months.

The future minimum lease payments attributable to financing leases as of December 31, 2009, are shown in the following table:

in € thousand	Minimum payment 12/31/2009	Present value of payments 12/31/2009	Minimum payment 12/31/2008	Present value of payments 12/31/2008
Up to one year	2	2	154	122
More than one year and less than five years	0	0	0	0
<b>Minimum lease payment, total</b>	<b>2</b>	<b>2</b>	<b>154</b>	<b>122</b>
Amounts constituting financing costs	0	0	(32)	0
<b>Current value of minimum lease payments</b>	<b>2</b>	<b>2</b>	<b>122</b>	<b>122</b>

#### Principles of financial risk management

The financial instruments of the Group mainly consist of cash and cash equivalents, as well as receivables from services attributable to Group operations. The Group finances its operations primarily via the advance payments of its Premium Members, and via equity funding. The Company does not hold any further financial instruments which involve major financial risks.

### Capital risk management and net debt

The Group manages its capital using the equity ratio with the aim of optimizing returns, where applicable also by using debt. This ensures that all companies in the Group are able to operate on the basis of the going concern principle. The Group monitors its capital by means of the equity ratio.

The capital structure of the Group consists mainly of shareholders' equity. As of December 31, 2008, the equity ratio was 64.3 percent (previous year: 69.8 percent). As shown in the following table, the cash and cash equivalents and short-term deposits of the Group were considerably higher than the liabilities existing as of the reference date:

in € thousand	12/31/2009	12/31/2008
Non-current liabilities	(1,275)	(581)
Current liabilities	(24,139)	(19,851)
Cash and cash equivalents and current deposits	42,862	42,922
<b>Surplus cash and cash equivalents</b>	<b>17,448</b>	<b>22,490</b>

### Categories of financial instruments

Carrying amount in € thousand	12/31/2009	12/31/2008
<b>Financial assets</b>		
Securities/equity participations (available for disposal)	0	200
Non-current receivables (loans and receivables)	74	44
Current receivables attributable to services (loan and receivables)	6,478	3,345
Cash and cash equivalents and current deposits (loan and receivables)	42,862	42,922
<b>Financial liabilities</b>		
Current liabilities attributable to finance leases	0	122
Current trade accounts payable	802	1,393

The investment was measured at amortized cost, and was sold at cost in 2009. There is no public market for these securities.

The current and non-current receivables as well as the cash and cash equivalents and current deposits are also shown at amortized costs of purchase.

Liabilities attributable to financing leases are shown at amortized cost of purchase. Interest expenses of €0 thousand (previous year: €20 thousand) are shown in the income statement in this connection.

The other current liabilities are shown at amortized cost of purchase.

For all financial assets and liabilities, the fair values, to the extent that they can be determined, correspond to the carrying amounts shown in the balance sheet.

As was the case in the previous year, the purpose of financial assets in FY 2009 was not to act as security for Group liabilities.

As was the case in the previous year, the Group did not use any hedge in the course of the financial year to hedge financial assets or liabilities, or to hedge cash flows.

#### Exchange rate and interest risk management

At present, the Group is not exposed to any major exchange rate or interest risks. Nearly all revenues are generated in euros. With the exception of liabilities arising from financing leases, there are no interest-bearing liabilities.

Cash at banks earned an average 0.1 percent interest (previous year: 2.30 percent).

#### Other price risks

As of the reference date, the Group is exposed to other price risks mainly as a result of securities, as in previous years consisting solely of a strategic investment in Plazes AG, Zurich, Switzerland. As the price risks attributable to these securities are not of material importance for the Group, there are no special monitoring and hedging measures for the securities. In the financial statement, the securities are classified as held for sale and were written down to €1.00.

#### Analysis of market risks

As the Group is not exposed to any major market risks (currency, interest rate or other price risks), more extensive sensitivity analyses are not carried out in relation to potential market risks.

With regard to consolidated earnings before tax, a change in interest rates will have an impact on interest income (as a result of the impact of variable-income financial assets). If interest rates had increased by 100 basis points during the reporting period, interest income would have changed by €430 thousand (previous year: €405 thousand) on the basis of an average investment volume of €39,652 thousand (previous year: €40,482 thousand).

#### Default risk management

Default risk is defined as the risk of a loss to the Group which is incurred if a contracting party fails to meet its contractual obligations.

As was the case in the previous year, major financial assets only existed as of the reference date in the form of subscription claims against members of the XING platform (receivables from services) as well as cash held at banks (cash and cash equivalents and current deposits).

With regard to the subscription receivables, the risk is reduced by the fact that the receivables consist of a large number of relatively minor amounts, of less than €1 thousand in each case. As of the reference date, the remaining term of virtually all these receivables was less than one month, and these receivables amounted to €1,499 thousand (previous year: €2,081 thousand). The maximum default risk is equal to the carrying amount of the receivable. In addition, XING AG reported receivables amounting to €4,979 thousand due from other debtors (previous year: €1,264 thousand). These receivables were paid after the balance sheet date.

Reputable commercial banks with an optimum rating are used for investment and payments relating to cash at banks. The remaining term of the cash at banks is less than three months.

The Group believes the current default risks to be low. The following defaults and impairments in relation to receivables from services were recognized last year:

in € thousand	12/31/2009	12/31/2008
Total amount of services receivable	6,736	3,633
Defaults	(199)	(278)
Impairments in relation to receivable	(59)	(10)
<b>Service receivable according to balance sheet</b>	<b>6,478</b>	<b>3,345</b>

In the 2009 financial year there was a release of an allowance for receivables in the amount of €0 (previous year: €14 thousand) as well as an addition to the writedowns in the amount of €49 thousand (previous year: €0).

There was essentially no income from payments relating to receivables from services which had previously been eliminated.

As was the case last year, there were no defaults in relation to cash and cash equivalents and current deposits.

There are no major risk concentrations.

#### Liquidity risk management

The Group manages liquidity risks by holding appropriate reserves and also by constantly monitoring the forecast and actual cash flows. The maturities of financial assets and liabilities are constantly monitored.

As a result of the current cash at banks, there are no major liquidity risks. There are no credit lines with banks, nor are any such lines required at present.



#### Disclosures concerning the stock options program

Pursuant to a resolution of the Annual General Meeting on November 3, 2006, contingent capital of up to €288,822.00 was created for the purpose of creating an employee stock option program. As a result, 160,617 stock options were issued to the Executive Board and employees of the Company within the framework of the "Stock Option Plan 2006" (AOP 2006). A total of 76,266 stock options remained on the reference date.

On September 8, 2007, a further 51,178 option rights were granted to selected employees, of which 47,078 remained exercisable on December 31, 2009.

In 2008, two further stock option programs were adopted. On March 7, 2008, 67,017 option rights were issued to employees and senior executives as part of the first program, of which 47,026 option rights have not expired.

On November 9, 2008, 85,404 option rights were issued to employees and senior executives as part of the second program, of which 72,117 option rights have not expired.

The stock option plan grants options to take up shares of the Company, and specifies a fixed term of five years. Each option entitles the right to take up one share of the Company, whereby the subscription right of shareholders is excluded. The main provisions of the AOP 2006 are summarized as follows:

Within the framework of the AOP 2006, stock options may be issued exclusively to members of the Executive Board of XING AG, to members of management of subsidiaries as well as to selected senior executives, to other key personnel and other employees of XING AG and its subsidiaries.

The stock options grant the holder the right to take up registered shares with voting rights of XING AG. Each stock option entitles the holder to take up one share of XING AG in return for paying the exercise price. The option conditions may specify that the Company, in order to fulfill its obligations relating to the taking up of shares, may grant to the beneficiary treasury shares or a cash payment instead of new shares using the contingent capital.

The subscription rights provided by the stock options can only be exercised after the end of a lock-out period. For 50 percent of the stock options granted, the lock-out period is at least two years; it is at least three years for a further 25 percent of the stock options granted, and at least four years for the remaining 25 percent. The lock-out period commences on the day after the corresponding stock options were issued. The subscription rights can be exercised within a period of up to five years, starting on the day the stock option is issued.

The exercise price for a share of the Company corresponds to the arithmetic mean of the closing auction prices of the Company's shares in Xetra trading (or an equivalent successor system) on the Frankfurt Stock Exchange on the last twenty market days before the corresponding stock option is issued (the day on which the beneficiary's declaration that he intends to take up shares is accepted by the Company or by the credit institution engaged by the Company for processing purposes). Alternatively, the exercise price for stock options issued before the start of trading for shares within the framework of the Company IPO corresponds to the price at which Company shares were placed within the framework of the IPO.

Subscription rights in relation to stock options can only be exercised if the closing auction price of the shares of the Company in XETRA trading (or an equivalent successor system) on the Frankfurt Stock Exchange has outperformed the SDAX index (or a comparable successor index) on at least ten successive trading days within one year before the day on which the subscription right is exercised.

In 2009, three individual option emissions to Executive Board members amounting to a total of 153,000 were conducted subject to the same conditions as in 2007. Please see the Compensation Report for more details.

The expense of the stock-based compensation shown in the income statement for the period ending December 31, 2009, amounted to €958 thousand (previous year: €1,136 thousand).

The weighted average exercise price for 2009 was €32.72 (previous year: €33.25). The weighted average term remaining for options not expired on December 31, 2009, is 3.4 years (previous year: 3.2 years).

The weighted average fair value for the stock options outstanding on December 31, 2008, is €9.70 (previous year: €13.35).

The calculations are based on a mathematical survey of the corresponding stock options and the parameters the survey is based upon.

#### Related-party disclosures

Michael Otto, CTO of XING AG, is a partner/managing director of epublica GmbH, Hamburg. epublica GmbH, Hamburg, develops software for the XING platform. During the reporting year, epublica rendered services to XING AG amounting to €164 thousand (previous year: €2,130 thousand). Furthermore, lease payments were made to epublica GmbH amounting to €79 thousand during the reporting year.

In 2008, Mr. William Liao, former member of the XING AG Supervisory Board, provided consultancy services with regard to business development and corporate strategy planning. The fee of €115 thousand for these services was paid in 2009. In 2009, Mr. Liao did not provide consultancy services to the Company.

Adinvest AG, Zumikon, Switzerland, provided consultancy services with regard to business development and corporate strategy planning. A fee of €33 thousand was paid for these services (previous year: €0 thousand). Dr. Neil Sunderland, Chairman of the XING AG Supervisory Board, is the majority shareholder of Adinvest AG.

#### Number of employees

XING employed an average of 247 persons (previous year: 145) during the financial year from January 1, 2009, to December 31, 2009. As of December 31, 2009, a total of 265 persons (previous year: 174) including five Executive Board Members (previous year: 3) were employed by the Group.

### Members of the Supervisory Board

The following persons served on the Supervisory Board of the Company in the year under review:

**Dr. Neil Vernon Sunderland**, Investment Advisor, Chairman, Zumikon, Switzerland

Other supervisory board mandates/memberships in control bodies:

- Chairman of the Administrative Board and Chairman of Management of Adinvest AG, Zumikon, Switzerland, as well as Adinvest Holding AG, Zumikon, Switzerland,
- Consulting Partner of Montreux Equity Partners, Menlo Park, USA,
- Member of the Administrative Board of Elsevier Holdings SA, Neuchâtel, Switzerland; Elsevier Finance SA, Neuchâtel, Switzerland; Elsevier Properties SA, Neuchâtel, Switzerland,
- Chairman of the Board of Adconion Media Group, Limited, London, United Kingdom.
- Member of the Advisory Board of Private Sales GmbH (Brands4friends.de), Berlin
- Member of the Board of Industrial Origami Inc., San Francisco, USA,
- Member of the Advisory Board of Terra Firma Capital Partners, London, UK, (until 2008).

**Dr. Eric Archambeau**, Investment Advisor, Vice-Chairman and Senior Partner of Wellington Partners, Brussels, Belgium

Other supervisory board mandates/memberships in control bodies:

- Member of the Board of GO ON MEDIA, Sèvres, France (since February 2008)
- Member of the Board of amianto AG, Munich, Germany (since April 2008)
- Member of the Board of Experteer GmbH, Munich, Germany (since November 2008)
- Member of the Board of ShipServ, Inc., Dover, Delaware, USA,
- Member of the Board of BridgeCo Inc., Los Angeles, USA, (until June 2009), KIKA Medical Inc, Boston, USA (until September 2009) and Industrial Origami Inc., San Francisco, USA, (until January 2010),
- Member of the Board of Travel Horizon B.V., Amsterdam, Netherlands; and Orderwork LTD, London, UK, (until December 2009).

**Lars Hinrichs**, Advisor, Hamburg, Germany (from January 16, 2009 until January 11, 2010),

Other supervisory board mandates/memberships in control bodies: none

**Herr Fritz Oidtman**, Manager, Bonn, Germany (since January 18, 2010),

Other supervisory board mandates/memberships in control bodies: none

For each day they attend a meeting of the Supervisory Board, members receive compensation of €2 thousand (previous year: €2 thousand). The members of Supervisory Board committees also receive compensation of €1 thousand for each day on which they attend a committee meeting (previous year: €1 thousand).

For each day on which he attends a meeting of the Supervisory Board, the Chairman of the Supervisory Board receives compensation of €4 thousand (previous year: €4 thousand). The Chairperson of a Supervisory Board committee receives €3 thousand for each day on which he attends a committee meeting (previous year: €3 thousand).

The total compensation of a member of the Supervisory Board for attending Supervisory Board and committee meetings must not exceed €75 thousand per financial year (previous year: €75 thousand). The total compensation of the Chairman of the Supervisory Board or a committee chairman must not exceed €150 thousand per financial year (previous year: €150 thousand).

In FY 2009, the total compensation paid to members of the Supervisory Board amounted to €133 thousand (previous year: €235 thousand).

More detailed information on compensation is contained in the Compensation Report, which is an integral part of the Group Management Report.

#### Members of the Executive Board

The following persons were appointed as members of the Executive Board last year:

**Dr. Stefan Groß-Selbeck**, CEO, Hamburg, (since January 15, 2009)

Other supervisory board mandates/memberships in control bodies: None

**Lars Hinrichs**, CEO, Hamburg, (until January 15, 2009)

Other supervisory board mandates/memberships in control bodies: None

**Ingo Chu**, CFO, Hamburg, (since July 1, 2009)

Other supervisory board mandates/memberships in control bodies: None

**Eoghan Jennings**, CFO, Hamburg, (until April 30, 2009)

Other supervisory board mandates/memberships in control bodies: None

**Burkhard Blum**, COO, Hamburg, (until February 28, 2010)

Other supervisory board mandates/memberships in control bodies: None

**Michael Otto**, CTO, Hamburg, (since February 6, 2009)

Other supervisory board mandates/memberships in control bodies: None

**Dr. Helmut Becker**, CCO, Hamburg (since September 15, 2009)

Other supervisory board mandates/memberships in control bodies: None

On January 15, 2009, Mr. Hinrichs resigned as CEO of the Company, and was appointed as a member of the Supervisory Board. On the same day, Dr. Stefan Groß-Selbeck was appointed to the Executive Board as CEO.

More detailed information on compensation of Executive Board members is contained in the Compensation Report, which is an integral part of the Group Management Report.

#### Auditor's fees

In financial year 2009, costs of €165 thousand (previous year: €184 thousand) were recognized for the audit of the financial statements for the period ending December 31, 2009. The fees for other validation and consultancy services amounted to €63 thousand (previous year: €51 thousand). Fees for other services amounting to €71 thousand (previous year: 18 thousand) and for tax consultancy amounting to €31 thousand (previous year: €0 thousand) were recognized as costs.

#### Consolidated financial statements

In its capacity as the parent company, XING AG prepares consolidated financial statements for the period ending December 31, 2009 in accordance with the accounting principles of the International Financial Reporting Standards (IFRS). These consolidated financial statements are submitted to the electronic Federal Gazette.

#### Notifications received in accordance with section 21 WpHG

On December 13, 2006, Deutsche Bank AG, Frankfurt am Main, notified the Company that the share of voting rights owned by its subsidiary DWS Invest GmbH, Frankfurt a.M., exceeded the threshold of 5 percent on December 7, 2006, and now amounts to 7.95 percent.

On June 12, 2007, Absolute Capital Management Holdings Limited, George Town, Cayman Islands, notified the Company that its share of the voting rights fell below the threshold of 3 percent on June 5, 2007, and now amounts to 2.89 percent.

On June 20, 2008, Massachusetts Mutual Life Insurance Company, Springfield, Massachusetts, USA, notified the Company that the share of the voting rights in the Company held by Oppenheimer Funds, Centennial, Colorado, USA, fell below the threshold of 3 percent on June 16 and now amounts to 2.78 percent.

On October 8, 2008, Tracer Capital Offshore Fund Ltd., Camana Bay, Cayman Islands, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on September 5, 2008, and now amounts to 2.65 percent.

On October 13, 2008, Farringdon I (FFI), Luxembourg, Duchy of Luxembourg, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on October 8, 2008, and now amounts to 5.21 percent.

On October 13, 2008, Tracer Capital Management L. P., New York, USA, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on October 8, 2008, and now amounts to 2.66 percent.

On November 24, 2008, TCM and Company LLC, New York, USA, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on October 8, 2008, and now amounts to 2.66 percent.

On January 13, 2009, Mr. William Liao notified the Company that his shares of voting rights in the Company fell below the threshold of 5 and 3 percent on December 22, 2008, and now amounts to 2.04 percent.

On May 4, 2009, Farringdon Capital Management Switzerland SA / Farringdon Capital Management SA notified the Company that its share of voting rights in the Company fell below the threshold of 5 percent on April 24, 2009, and now amounts to 4.97 percent.

On June 10, 2009, Tiger Global Private Investment Partners V L.P., New York, USA, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on June 4, 2009, and now amounts to 3.89 percent.

On June 10, 2009, Tiger Global Private Investment Partners V L.P., New York, USA, notified the Company that the share of the voting rights in the Company held by Tiger Global PIP Management V L.P., New York, USA, exceeded the threshold of 3 percent on June 4, 2009, and now amounts to 3.89 percent.

On June 10, 2009, Tiger Global Private Investment Partners V L.P., New York, USA, notified the Company that the share of the voting rights in the Company held by Mr. Charles P. Coleman III, New York, USA, exceeded the threshold of 3 percent on June 4, 2009, and now amounts to 3.89 percent.

On July 16, 2009, the Investmentgesellschaft für langfristige Investoren TGV, Bonn, Germany, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent and 5 percent on July 15, 2009, and now amounts to 6.4829 percent.

On July 20, 2009, cominvest Asset Management GmbH, Frankfurt am Main, Germany, notified the Company that its share of voting rights in the Company fell below the threshold of 3 percent on July 17, 2009, and now amounts to 0.65 percent.

On July 24, 2009, Fidelity International, Tadworth, United Kingdom, on behalf of FIL Limited, Hamilton, Bermuda, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on July 21, 2009, and now amounts to 2.93 percent.

On July 24, 2009, Fidelity International, Tadworth, United Kingdom, on behalf of FIL Investment Management Limited, Hildenborough, United Kingdom, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on July 21, 2009, and now amounts to 2.93 percent.

On July 24, 2009, Fidelity International, Tadworth, United Kingdom, on behalf of FIL Investment International, Hildenborough, United Kingdom, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on July 21, 2009, and now amounts to 2.86 percent.

On September 22, 2009, epublica GmbH, Hamburg, Germany, notified the Company that its share of voting rights in the Company fell below the threshold of 3 percent on September 21, 2009, and now amounts to 2.72 percent.

On December 21, 2009, Cinco Capital GmbH, Hamburg, Germany, notified the Company that its share of voting rights in the Company fell below the threshold of 25, 20, 15, 10, 5, and 3 percent on December 18, 2009, and now amounts to 1.97 percent.

On December 21, 2009, Mr. Lars Hinrichs, Hamburg, Germany, notified the Company that his share of voting rights in the Company fell below the threshold of 25, 20, 15, 5 and 3 percent on December 18, 2009, and now amounts to 1.97 percent.

On December 29, 2009, Hubert Burda Digital GmbH, Munich, corrected its share notification from December 22, 2009, and notified the Company that its share of voting rights in the Company exceeded the threshold of 3, 5, 10, 15, 20 and 25 percent, and now amounts to 25.10 percent.

On December 29, 2009, Dr. Hubert Burda notified the Company that his share of voting rights in the Company exceeded the threshold of 3, 5, 10, 15 and 20 percent on December 18, 2009, and now amounts to 25.10 percent.

On December 29, 2009, Hubert Burda Media Holding GmbH & Co. notified the Company that its share of voting rights in the Company exceeded the threshold of 3, 5, 10, 15 and 20 percent on December 18, 2009, and now amounts to 25.10 percent.

On December 30, 2009, Wellington Partners Management Ltd., St. Helier, Jersey notified the Company that its share of voting rights in the Company fell below the threshold of 5 and 3 percent, and now amounts to 1.42 percent.

On January 4, 2010 (corrected version), Wellington Partners Ventures III Technology Fund L.P., St. Helier, Jersey, Channel Island, informed the Company as per section 21 (1) WpHG, that its share of voting rights in the Company fell below the threshold of 5 and 3 percent on December 23, 2009, and now amounts to 1.42 percent (74,648 shares).

On January 5, 2010 (corrected version), Wellington Partners Ventures III Technology Fund L.P., St. Helier, Jersey, Channel Island, informed the Company as per section 21 (1) WpHG, that its share of voting rights in the Company fell below the threshold of 5 and 3 percent on December 23, 2009, and now amounts to 1.42 percent (74,648 shares).

Details of directors' dealings in accordance with section 15a WpHG can be viewed on the Company's website under the heading "Investor Relations".

**Statement with regard to the Corporate Governance Code**

The statement required by section 161 AktG has been submitted, and has been made accessible to shareholders by means of being published.

**Major events after the balance sheet date**

There were no occurrences of events after the balance sheet date which had a major impact on the net assets, financial position, and results of operations of XING AG.

Hamburg, March 24, 2010

The Executive Board

(Dr. Stefan Groß-Selbeck)

(Ingo Chu)

(Michael Otto)

(Dr. Helmut Becker)

## Declaration of the Executive Board

We declare that, to the best of our knowledge, the consolidated financial statements provide a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the applicable accounting principles and that the Group management report presents the development of business including the business result and the provision of the Group in such a way that a picture corresponding to the actual circumstances is provided and that the major opportunities and risks of the probable development of the Group are described.

Hamburg, March 24, 2010

The Executive Board



## Auditors' Opinion

We have issued the following opinion on the consolidated financial statements and the group management report:

"We have audited the consolidated financial statements prepared by the XING AG, Hamburg, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [Handelsgesetzbuch] "German Commercial Code" are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] IDW. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Hamburg, March 24, 2010

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Klimmer  
Wirtschaftsprüfer  
(German Public Auditor)

Borcherding  
Wirtschaftsprüfer  
(German Public Auditor)

# FINANCIAL CALENDAR\*

Date	Event
March 30, 2010	Annual Report 2009
May 12, 2010	Interim report Q1 2010, Hamburg
May 27, 2010	Annual General Shareholder Meeting, Hamburg
August 11, 2010	Interim report HY1, 2010, Hamburg
November 11, 2010	Interim report Q3, 2010, Hamburg

\* All dates subject to change

## MASTHEAD & CONTACT

This Annual Report is available in both German and English.  
Both versions and further press information are available for download  
at <http://corporate.xing.com/english/investor-relations>

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(Director Investor Relations)

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Holde Schneider, Hamburg

### Concept & Design

HGB Hamburger Geschäftsberichte  
GmbH & Co. KG

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