

XING 

Annual Report 2007

| | | 2007 ¹ | 2006 ^{1, 2} |
|------------------------------------|--------------|-------------------|----------------------|
| Revenues | in € million | 19.61 | 6.11 |
| EBITDA | in € million | 6.89 | (0.69) |
| EBITDA margin | in % | 35.2 | Neg. |
| Result for the period | in € million | 5.61 | (0.97) |
| Cashflow from operating activities | in € million | 8.86 | 3.39 |
| Cashflow from operating activities | €/share | 1.70 | 0.65 |
| Earnings per share (undiluted) | in € | 1.10 | (0.24) |
| Equity | in € million | 45.98 | 40.91 |
| Number of registered members | in millions | 4.83 | 1.69 |
| of which Premium Members | in millions | 0.362 | 0.221 |
| Number of contact connections | in millions | 76 | 42 |
| Number of employees | | 109 | 74 |

¹ Continuing operations

² 2006 Short financial year (July - December)

XING AG provides an Internet platform aimed especially at business professionals, offering over 5 million members around the globe a wide spectrum of tailored features with a unique discovery capability and advanced contact management tools, enabling them to discover and utilize their relationships. With the successful IPO in 2006, XING AG was the first Web 2.0 company to go public, ensuring its long-term impact on the online business networking trend.

Based on the theory that “no two people are more than six degrees apart”, the platform makes the contacts of member’s contacts visible to them, thereby making networking and contact management simpler and more effective. Besides Headquarters in Hamburg, XING AG is also represented with offices in Barcelona and Beijing, as well as Istanbul (since January 2008). The platform is available in 16 languages.



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Foreword by the Chairman of the Executive Board

**Ladies and Gentlemen,
Dear shareholders, employees and XING members,**

The first twelve months since the IPO have been a great success for our Company!

It is a particular honor for my colleagues on the Executive Board and myself to look back over our first year as a listed Web 2.0 company and to relate the achievements we have made in this Annual Report, as well as the challenges that lie ahead in the coming years.

By vowing at our IPO to achieve an EBITDA margin of 30–35 percent and to nearly double the previous year's revenues of €10.1 million in the 2007 financial year, we set ourselves a clear and ambitious target for the past fiscal year. The publication of the results for the first full financial year of XING AG has proven that we keep to the promises we make. With revenues of €19.61 million and an EBITDA margin of 35.2 percent (€6.89 million) we have met our financial year 2007 guidance and demonstrated how XING AG can grow profitably on the basis of its scalable business model, as well as through internal professionalization and the optimization of processes. The consolidated net profit for the financial year ended December 31, 2007 amounts to €5.61 million, corresponding to earnings per share of €1.10.

More important than the short-term trends of our financial results are the continuous growth of our membership base, the strengthening of our market leadership in Europe and the expansion of our international positioning. It is crucial at the current stage of the market that XING AG exhausts all the available potential for further growth. To this end, we have laid many important foundation stones over the course of the past financial year. With more than 50 new software releases, a total of 4,800 platform developments and the launch of 30 major new features, we have extended our service offer on a continuous basis, enhanced the attractiveness of our platform and evolved into clear pioneers of innovation in the professional networking segment.

Commensurate with these developments, the membership base has almost tripled over the past financial year to 4.83 million (December 31, 2006: 1.69 million) as a result of organic growth and key acquisitions and partnerships. In the third quarter of 2007 alone, more than 700,000 new members registered on XING. We have also expanded our presence in many major financial centers and cities. The Company now has a market share in excess of 5 percent in a numerous

number of cities measured against the entire resident population, giving XING an outstanding basis upon which to drive further growth.

2007 has been one of the most eventful periods to date in the Company's short history. Prior to our IPO in December 2006 we had already become the market leader in business networking field in the German-speaking market. In 2007, we went on to strategically invest a proportion of the Company's IPO proceeds in the expansion of our market leadership in Europe – with the acquisition of the Spanish competitors eConozco and Neurona and cember.net (January 2008). This makes XING AG the world's first company operating in the business networking segment to acquire competitors and integrate them successfully within a period of just several quarters. These acquisitions mean that XING AG is now both the market leader in Europe and the global market leader in the business networking segment measured by the level of member activity (page impressions and average time logged in. Source: comScore, December 2007). We are particularly proud of this high level of activity amongst our members. Approximately 90 percent of all Premium Members have logged in at some point in the past 30 days. Our more active members in particular make use of the platform as a daily resource in their professional lives. Activity is a key success factor for us. With continued innovations on a regular basis we will continue to do our utmost in future to ensure that the XING platform becomes an indispensable part of many more members' professional success on a day-to-day basis.

A further highlight of 2007 was the introduction of new business models. At our IPO, the Company's income was based on a single-source business model. We have now established two additional business segments, which are having the twofold effect of driving the overall growth of the XING AG and facilitating new opportunities for the Company to further develop the platform. Along with the "Subscriptions" segment, the new "eCommerce" segment (Marketplace, PremiumWorld) and the "Advertising" segment mean that XING now operates with three income sources as of the end of 2007. This in turn gives us a strong, stable position over the competition and enables us to profit from future market potentials.

As a public company, XING AG is subject to the scrutiny of the capital market. Two banks analyzed the XING share at the IPO in December 2006. Over the course of the 2007 financial year, interest from the capital market and from institutional investors in particular grew significantly and three more banks initiated coverage of the XING share. With a share price trend since the start of the year of approximately 44 percent and a year-end closing price of € 44.21, XING AG

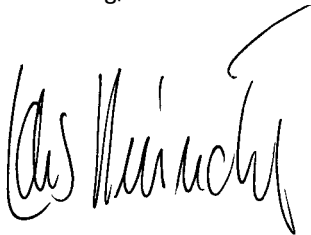
Lars Hinrichs: "We're not going to stand still.
We're going to keep moving forward.
Market leaders just keep expanding their position."

outperformed all important indices despite the difficult market environment at the year end (Subprime), making it one of the most successful IPOs in Germany in 2007.

XING AG is a growth company. The constant flux in demands from and responsibilities towards our members, partners and the capital market make us an exciting and attractive company for prospective employees of all nationalities. XING AG almost doubled its employee base in 2007 from 74 at the end of 2006 to 109.

We will continue our course of growth and consolidation in 2008 and expect a further increase in revenues and earnings for the current financial year. This period will also see the launch of new innovative services, enabling growing numbers of members to advance the efficiency and effectiveness of their professional lives with XING. As a young European company, we have the golden opportunity to play a decisive role in one of the world's fastest-moving industries. Join us on this journey of success!

Hamburg, March 2008



Lars Hinrichs
CEO and Founder
XING AG

Report of the Supervisory Board

Ladies and Gentlemen,

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For the Supervisory Board, the first year on the stock exchange has been one of the most exciting experiences of the Company's still recent history. In the first six months following the IPO, XING AG invested some of the issue proceeds and acquired the two largest Spanish networks for business contacts and considerably expanded its position in Europe and Latin America. In addition to the regional expansion of business, XING AG has achieved excellent growth out of its own internal resources and has attracted more than 2 million new members by way of organic growth. In addition, the Company laid the foundation for further growth at the end of the year with the establishment of two new business models ("eCommerce" with the Marketplace and "Advertising"). The Supervisory Board has again carefully monitored the management activities of the Executive Board in financial year 2007 and regularly provided advice and support to the Executive Board with regard to management of the Company.

The Executive Board provided the Supervisory Board in financial year 2007 with regular, prompt and comprehensive reports, in writing and also verbally, concerning the Company's planning the development of business, the results of operations and financial position of the Group, acquisition and investment projects of the XING Group as well as the strategic further development. Any variances from objectives or budgets were explained to the Supervisory Board and were assessed by the Supervisory Board. The Supervisory Board has carefully exercised the duties which it is required to perform as a result of the law, Articles of Incorporation and the rules of procedure for the Supervisory Board. Overall, ten Supervisory Board meetings were held, in which the Supervisory Board also discussed with the Executive Board strategic matters of corporate planning, the business development, the risk situation and risk management as well as compliance of the Company and also accompanied and supported important entrepreneurial decisions such as the acquisitions of the Spanish network eConozco and Neurona (with a small number of exceptions, all members of the Supervisory Board attended the meetings of the Supervisory Board). No member of the Supervisory Board attended fewer than half of the meetings of the Supervisory Board. The Supervisory Board was promptly involved in all major decisions which were of vital importance for the Company. The Supervisory Board took its decisions in relation to business requiring approval after having reviewed the documents provided by the Executive Board. In addition, all members of the Supervisory Board also maintained regular contact with the Executive Board in order to exchange information and ideas outside the Supervisory Board meetings.

There were no conflicts of interests affecting members of the Executive Board and Supervisory Board which would have to be disclosed immediately to the Supervisory Board and which also had to be notified to the shareholders' meeting.

Focus of monitoring and advisory activity

In the second Supervisory Board meeting in the new financial year on March 22, the Supervisory Board mainly considered the annual financial statements which were presented and also the possible acquisition of eConozco. The Supervisory Board did not raise any objections to the annual financial statements and the consolidated financial statements including the corresponding management reports. In addition, after extensive discussion, the Supervisory Board approved the acquisition of the Spanish platform eConozco.

In the next meeting on April 25, 2007, the Supervisory Board discussed the individual items on the agenda of the draft agenda for the shareholders' meeting of the Company and adopted the agenda following the discussion.

In the Supervisory Board meeting of June 4, 2007, the Executive Board initially reported on the planned signing of a co-operation agreement with the company Zoom Information Inc. (ZoomInfo), USA, as well as the status of negotiations with the Spanish platform Neurona. The Supervisory Board then approved the partnership with ZoomInfo as well as the signing of a declaration of intent to acquire the Spanish competitor Neurona.

In its meeting on August 30, 2007, following a report submitted by the Executive Board, the Supervisory Board discussed a possible sale of First Tuesday AG, Zurich.

In the meeting of September 20, 2007, after a report was submitted by the Executive Board, the Supervisory Board adopted a resolution to sell First Tuesday AG, Zurich.

On October 24, 2007, the Executive Board reported on the contract conditions with a potential advertising marketer and thus the opening of a further business model. The Supervisory Board unanimously approved the marketing agreement.

In the final Supervisory Board meeting of last year on December 19, 2007, the Executive Board notified the Supervisory Board of the Company's financial planning for 2008 and also the possible acquisition of the Turkish competitor cember.net.

Report from the committees

The Supervisory Board had set up two committees with no powers to adopt resolutions before the IPO. Dr. Eric Archambeau and William Liao belong to the Remuneration Committee. Dr. Neil V. Sunderland and William Liao are members of the Audit Committee.

The Remuneration Committee, which is responsible for the employment contracts with members of the Executive Board, including the compensation and also for other matters relating

to the Executive Board, met on six occasions last year. The Personnel Committee mainly considered the expansion of the Executive Board to include Burkhard Blum. Further subjects of the deliberations of the Personnel Committee were the compensation system and the extent of compensation for the Executive Board, also particularly with regard to the issuing of variable compensation in the form of stock options.

The Audit committee met on seven occasions last 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 and convinced itself of the efficiency of the organization. The main subjects of deliberation in the reporting year 2007 included accounting policy in relation to the acquisitions of the Spanish business networks and also in connection with the disposal of the subsidiary First Tuesday Zurich AG. Discussions were held with the auditor with regard to subjects which are relevant for audit purposes. The Audit Committee prepared the obtaining of 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 as well as the fee of the auditor by the Supervisory Board.

With a view to enabling the Supervisory Board to carry out its role more efficiently, two further committees have been set up to provide preparatory groundwork to aid decisions made by the Supervisory Board and topics dealt within during plenary sessions – a budget committee and an M&A committee. These committees held a total of eleven meetings during the 2007 financial year, particularly in connection with the acquisitions of the Spanish competitors and their financial and strategic consequences.

Corporate Governance

With regard to Corporate Governance at XING, the Executive Board and the Supervisory Board report in the Corporate Governance report in accordance with point 3.10 of the German Corporate Governance Code. In February 2008, 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. The Supervisory Board has evaluated its activity on the basis of a Supervisory Board questionnaire. We have taken account of the findings obtained in this way in our work.

Audit of the annual financial statements and consolidated financial statements

The annual financial statements for the financial year 2007, 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 Steuerberatungsgesellschaft, Hamburg, and have been awarded an unqualified auditor's opinion. This is also applicable to the consolidated financial statements and consolidated management report of XING AG for financial year 2007 which were prepared in

accordance with the International Financial Reporting Standards (IFRS) pursuant to section 315a HGB and which have also been awarded with an unqualified auditor's opinion of the auditor.

The annual financial statements and the consolidated financial statement, including the management report and the Group 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 plenty of time in order to enable them to be audited and were intensively discussed in 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 accounting policy and financial planning of the Executive Board in 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 annual 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. The Supervisory Board follows the proposal of the Executive Board with regard to the appropriation of the cumulative profit.

Changes in the Executive Board

Pursuant to the resolution of August 13, 2007, the Supervisory Board appointed Burkhard Blum as a further member of the Executive Board for a period of three years. Burkhard Blum is responsible for Corporate & Market Development, Mergers & Acquisitions, Member Relations, Human Resources as well as Legal Affairs.

Conclusion

The Supervisory Board would like to thank the members of the Executive Board and all employees for their commitment and work.

Hamburg, March 25, 2008



Dr. Neil V. Sunderland
Chairman of the Supervisory Board

Executive Board



Lars Hinrichs

Chairman of the Executive Board and Founder

Lars Hinrichs founded the Company in 2003 and in his role as CEO is responsible for corporate policy and corporate strategy. Furthermore, he oversees the Corporate Communications, Product & Engineering and Marketing divisions.



Eoghan Jennings

CFO

Eoghan Jennings oversees the Finance and Investor Relations divisions and is responsible for planning, controlling and evaluation of corporate performance at XING AG.



Burkhard Blum

Executive Board

Burkhard Blum oversees the Corporate Development, Market Development, Member Relations, Legal Affairs and HR divisions and is responsible for mergers and acquisitions at XING AG.

Supervisory Board



Dr. Neil V. Sunderland

Chairman

Zumikon, Switzerland

Dr. Neil V. Sunderland heads several investment companies and investment funds. He is a founding partner of Montreaux Equity Partners.



Dr. Eric Archambeau

Assistant Chairman

Brussels, Belgium

Dr. Eric Archambeau is a serial entrepreneur. Among the companies he has founded are Right Software, Trading Dynamics and EGroups. Dr. Archambeau is General Partner of the venture capital firm Wellington Partners.



William Liao

Supervisory Board

Appenzell, Switzerland

William Liao was instrumental in creating the XING platform with Lars and Daniela Hinrichs. He has over 20 years of experience in technology and sales and was founder of Davnet Limited.

Data of XING shares

| | |
|--|---|
| Number of shares | 5,201,700 |
| Type of share | Registered shares |
| IPO | 12 / 07 / 2006 |
| Trading symbol | O1BC |
| Securities identification number (WKN) | XNG888 |
| ISIN | DE000XNG8888 |
| Bloomberg | O1BC |
| Reuters | OBCGn.DE |
| Market segment | Prime Standard |
| Stock exchanges | Berlin, Bremen, Düsseldorf, Frankfurt, Munich, Stuttgart |

XING shares

Figures for XING shares, at a glance

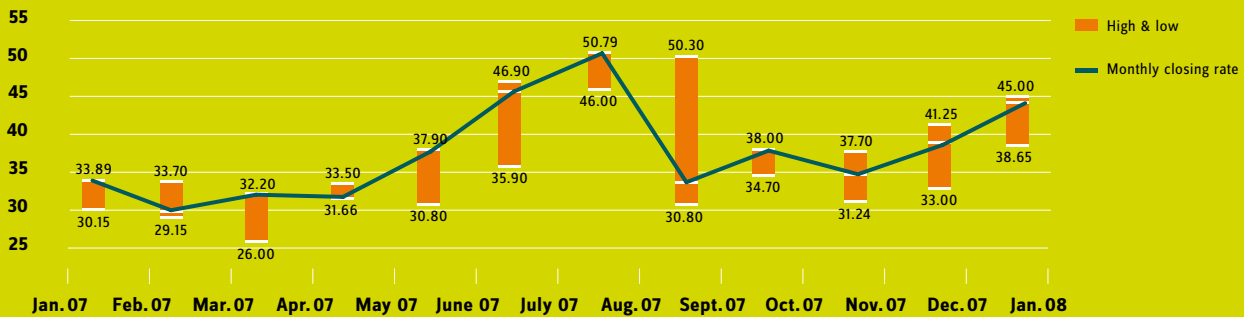
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| | 2007 | 2006 |
|--|------------------|------------------|
| XETRA closing price on 12 / 28 / 2007 | € 44.21 | € 30.65 |
| High (07 / 31 / 2007) | € 50.79 | € 32.80 |
| Low (03 / 20 / 2007) | € 26.00 | € 30.00 |
| Market capitalization as of 12 / 28 / 2007 | € 229.97 million | € 159.43 million |
| Average trading volume per trading day | 10,981 | 36,860 |
| Ranking in TecDAX | | |
| Based on trading turnover | 58 | 66 |
| Based on market capitalization | 49 | 63 |
| Earnings per share (undiluted) | € 1.10 | € (0.24) |
| Free cashflow per share | € 1.70 | € 0.65 |
| Equity per share | € 8.84 | € 7.86 |
| Price-earnings ratio at year end (PER) | 40 | Neg. |

For the shareholders, employees and management of XING AG, the first year on the stock exchange was a complete success. XING is not only one of the most successful IPOs of 2006 / 2007; in its first year, it has also outperformed all major indices. Whereas the DAX and TecDAX produced strong returns on 22 and 30 percent respectively for investors, XING investors have enjoyed growth of more than 40 percent since the beginning of the year.

As was the case in the previous year, 2007 was also in the hands of the bulls. At the same time, there were also numerous surprises for investors: the oil price rose to almost USD 100 per barrel. The Euro only just failed to break through the barrier of USD 1.50. In addition, negative global factors also contributed to investor uncertainty. Despite these poor conditions, the stock markets rose to record levels. The DAX climbed by more

XING share price development (high & low) until December 2007 in €



than 20 percent to 8,067 points, beating the former record, which was set in the year 2000. The index of the largest technology stocks climbed by more than 30 percent to 974 points.

| XING share vs. indices | 2007 |
|------------------------|-------|
| XING | + 44% |
| TecDAX | + 30% |
| DAX | + 22% |
| SDAX | - 7% |

For XING shares, the year 2007 made a moderate start. Whereas investors initially waited for the initial results of business and success and the share price was trading only slightly higher than the issue price of €30, the TecDAX reported growth of around 13 percent. However, the publication of the first quarterly report in May resulted in very positive signals for the shares. On July 31, 2007, XING shares rose to their all-time high of €50.79 extremely quickly.

The euphoria of investors was muted somewhat when scepticism as to whether the high expectations can be fulfilled resulted in the share price declining temporarily in August to the level of the issue price of €30. However, with the publication of the third quarter report at the end of November, XING AG again demonstrated that its growth has only just begun. With the best quarterly result in its history, the Company laid the foundation for a strong recovery of the shares in the last quarter of last year.

Company success thanks to customer orientation

With the excellent performance of the share price in the financial year which has just begun, the expectations of the capital market in relation to XING management have also become more demanding. XING management is facing the challenge of stepping up the pace of growth,

constantly improving the platform and establishing new business models. Last year, XING not only acquired two Spanish competitors and established a strategic partnership with a US company. With the launch of additional business models in the fields of eCommerce and Advertising, the Company has also laid the foundation for its future growth.

Earnings per share

Earnings per share are calculated by dividing the consolidated result by the average weighted number of shares (IAS 33).

| Earnings calculation | 2007 | 2006 |
|--|-----------|-----------|
| Net profit excl. minorities | 5,729 | (969) |
| Average weighted number of shares | 5,201,700 | 4,050,881 |
| Earnings per share according to IAS 33 | € 1.10 | € (0.24) |

Earnings per share are based on the assumption of continued operation.

Stronger interest on the capital market

Deutsche Bank and Lehman Brothers commenced coverage of XING shares as of the IPO in December 2006. Shortly after the two houses had published initial studies and price targets, additional houses also commenced coverage of XING shares and published further reports on the paper. The investor relations department maintains contact with further analysts and is confident that approximately five additional banks will commence coverage of XING shares in the first half of 2008.

| Analyst recommendations | | |
|-------------------------|---------------|------------|
| Berenberg Bank | February 2008 | Hold |
| Deutsche Bank | March 2008 | Hold |
| Lehman Brothers | November 2007 | Overweight |
| Sal. Oppenheim | October 2007 | Neutral |
| WestLB | February 2008 | Hold |

First shareholders' meeting since IPO

The first shareholders' meeting of XING AG was a great success. In the meeting center of the Exhibition Hall Hamburg-Schnelsen, all agenda items were approved on June 13, 2007 with an overwhelming majority of an average of 99.99 percent of shareholders. The renaming of the Company, from OPEN Business Club AG to XING AG, as well as major changes for bringing the Articles of Incorporation into line with the Transparency Directive Implementation Act were some of the items on the agenda. Within the framework of statutory regulations, XING AG is thus also able to provide its shareholders with information by way of electronic data transfer. The next shareholders' meeting of XING AG is scheduled for May 21, 2008 in Hamburg.

IR activities further expanded with new Investor Relations director

In October 2007, Patrick Möller assumed responsibility for managing Investor Relations activities and since that time has further expanded IR activities. Last year, XING AG, as a very young listed company, invested a considerable part of its management resources in establishing and maintaining its investor base. On roadshows in the USA, England, Germany and Switzerland, management addressed potential investors and met existing investors in person.

In addition, at conferences such as the Deutsche Bank Corporate Conference and the Equity Forum in Frankfurt am Main, the Company has also presented itself to new and existing investors, detailed the equity story and discussed strategy, the market climate and business results. As a Northern German company, XING AG also presented itself to approximately 7,000 visitors at the largest investor exhibition in Hamburg in November last year.

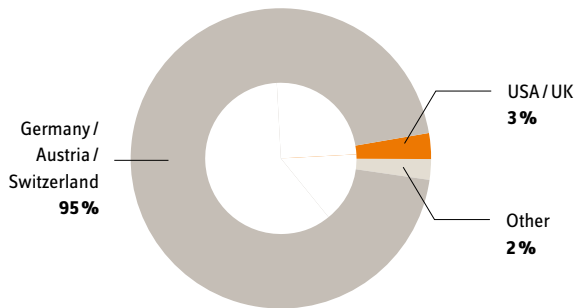
Group of investors is becoming more international

In the course of last year, the targeted investor relations activities particularly with regard to investors in the USA and Great Britain have contributed

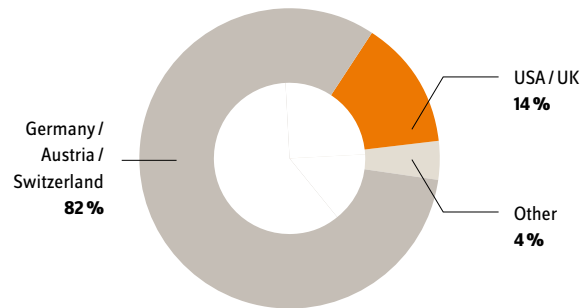
to a major change in the shareholder structure. Whereas at the end of 2006 approximately 95 percent of all investors came from Germany, Austria and Switzerland, the shareholder structure has undergone a considerable change one year after the IPO.

The deliberate policy of addressing investors as well as roadshows in Great Britain and the USA have resulted in stronger demand among Anglo-Saxon investors. In the course of the year, the holdings of such investors have accordingly increased from 3 to 14 percent. This development documents the increasing global interest in XING shares.

Shareholder structure in 2006



Shareholder structure in 2007



The Investor Relations department of XING AG welcomes your questions and suggestions:

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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:

Responsible, transparent and efficient corporate management is essential for the long-term success of our Company. XING AG has been dealing with Corporate Governance not only since the IPO in December 2006; before that time, it was also operating in accordance with the principles of corporate management based on sustainable value creation in all its dealings with business partners, employees and the public.

Current information regarding Corporate Governance at XING is also available on our website. Not only the current statement of compliance but also the statements of compliance of the previous year can be viewed on the site.

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 three members of the Executive Board and three members of the Supervisory Board. The Supervisory Board currently consists of three shareholders' representatives. The Supervisory Board 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 and in particular international experience, is absolutely essential in this respect. More information concerning the activities of the Supervisory Board and the committees can be found in the report of the Supervisory Board.

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 risk early recognition system required in accordance with section 91 (2) 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 Incorporation of the Company as well as the Annual Report, the interim reports and investor presentations are published on the website.

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 and related financial instruments. This is also applicable for certain employees with management duties and their related parties. For the year under review, XING AG had not received any notifications as of December 31, 2007.

The total reportable holdings of shares of XING AG of all members of the Executive Board and Supervisory Board amounted to around 33.3 percent of the shares issued by the Company as of September 30, 2007.

As of December 31, 2007, 1,438,881 shares (a total of 27.7 percent) and 17,333 stock options from the stock option program 2006 of XING AG, each of which entitle the holder to purchase one share of XING AG if the exercise conditions are satisfied, were attributable to the Chairman of the Executive Board, Lars Hinrichs, via LH Cinco GmbH. In addition, as of December 31, 2007, Daniela Hinrichs, Vice President Corporate Communications and wife of Lars Hinrichs, held 32,866 shares of XING AG and 9,629 options from the stock option program 2006 of XING AG, each of which entitles the holder to acquire one share of XING AG if the exercise conditions are satisfied.

As of December 31, 2007, 292,243 shares of XING AG (equivalent to 5.6 percent) were attributable to the member of the Supervisory Board William Liao.

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:

I. Since the statements of compliance of February 2007 and until July 20, 2007, XING AG has complied with the recommendations of the "Government Commission German Corporate Governance Code" in the version of June 12, 2006 with the following exceptions:

3.8 (2) – Excess D&O insurance

XING AG has taken out a D&O insurance policy without an excess for its executive bodies. The Executive Board and Supervisory Board are of the opinion that the excess of a D&O insurance policy is not an adequate tool for meeting the objectives of the code. In general, members of Executive Board and Supervisory Board themselves take out insurance to cover such excesses, thus negating the actual function of the excess.

4.2.1 – Appointments to the Executive Board, rules of procedure

In accordance with point 7 of the Articles of Incorporation, the Executive Board of the Company may consist of only one person. The rules of procedure did not contain any business distribution plan.

4.2.3 (3) – Compensation of members of the Executive Board

The Company does not fully comply with the recommendations of the code with regard to the form of stock options and equivalent forms. Possible limitations in the event of exceptional developments have not been agreed in the stock option program.

5.1.2 (2) – Definition of an age limit for members of the Executive Board

The Supervisory Board of XING AG has not defined an age limit for the members of the Executive Board. An age limit is defined in certain cases when the members of the Executive Board are appointed.

5.4.1 – Definition of an age limit for members of the Supervisory Board

The Supervisory Board of XING AG has not fixed an age limit for the members of the Supervisory Board. An age limit is defined in certain cases when the members of the Supervisory Board are appointed.

5.4.7 – Compensation of the members of the Supervisory Board

Chairmanship of the Supervisory Board and membership in committees have so far not been taken into consideration with regard to the compensation of the members of the Supervisory Board. However, as a result of a resolution of the shareholders' meeting of June 13, 2007, which revises the Articles of Incorporation and which was entered in the commercial register on July 6, 2007, additional compensation was introduced for chairmanship of the Supervisory Board and membership in committees (with initial effect for financial year 2007). The compensation of the members of the Supervisory Board does not comprise any variable components. A long-term financial incentive with a risk character is attributable to the relevant direct or indirect shareholdings or indirect business interests of the members of the Supervisory Board.

6.6 – Disclosures in the Corporate Governance report

Any holdings of shares in the Company or related financial instruments of the Executive Board and Supervisory Board equivalent to more than one percent of the shares issued by the Company are not disclosed in the Corporate Governance report in 2006. In future, the Company will publish the necessary disclosures.

7.1.2. Sentence 3 – Publication of interim reports

The Company has not published the interim reports within a period of 45 days after the end of the corresponding reporting period.

7.1.4 – Publication of the results of equity participations

The list published by the Company of external companies in which it holds an equity participation which is of not inconsiderable importance for the Company contains the statutory disclosures.

II. Since the code version of June 14, 2007 came into force on July 21, 2007, XING AG has complied with the recommendations of the “Government Commission German Corporate Governance Code” with the following additional exceptions:

4.2.1 – Rules of procedure for the Executive Board

The rules of procedure did not contain any departmental responsibilities up to and including December 18, 2007.

5.3.3 – Creation of a nomination committee

The Supervisory Board of XING AG has not created a nomination committee.

III. XING AG will in future comply with the recommendations of the “Government Commission German Corporate Governance Code” in the code version of June 14, 2007, published in the Federal Gazette of July 20, 2007, with the exceptions of points 3.8 (2), 4.2.1 sentence 1, 4.2.3 (3), 5.4.7 (2) and 7.1.4.

Hamburg, February 2008

The Supervisory Board

The Executive Board

Corporate Governance information in 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 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 which is part of the notes to the financial statements or management report in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch - HGB) or the International Financial Reporting Standards (IFRS). It is thus an integral part of the certified annual financial statements. Accordingly, the information explained 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, 2007, the Executive Board of the Company consists of three members. Lars Hinrichs (CEO, Chairman of the Executive Board) is responsible for Corporate Policy, Corporate Strategy, Corporate Communications, Product & Engineering as well as Marketing. Eoghan Jennings (CFO, Finance Director) is responsible for Planning, Investor Relations, Finance, Controlling and evaluation of corporate performance. Burkhard Blum (Director) is responsible for Corporate & Market Development, Mergers & Acquisitions, Member Relations, Human Resources and Legal Affairs.

The Personnel Committee is responsible for defining the compensation for the Executive Board. Dr. Eric Archambeau and William Liao are members serving on the committee. The structure of the compensation system is regularly reviewed by the Supervisory Board in response to a proposal of the Personnel Committee. In line with the German Corporate Governance Code, the compensation of the Executive Board consists of fixed and variable components.

The compensation components which are not performance-linked consist of a fixed payment. The variable components of compensation consist of variable emoluments and stock options. They are measured against performance targets which are measured with parameters taken from the consolidated financial statements and are also measured against benchmarks. The emoluments are definitively fixed by the Personnel Committee of the Supervisory Board.

| Members of the Executive Board | Fixed salary in € thousand | Variable salary in € thousand | Stock options in € thousand | Total salary in € thousand |
|--------------------------------|-------------------------------|----------------------------------|--------------------------------|-------------------------------|
| Lars Hinrichs | 150 | 25 | 66 | 241 |
| Eoghan Jennings | 160 | 0 | 51 | 211 |
| Burkhard Blum | 180 | 70 | 43 | 293 |
| | 490 | 95 | 160 | 745 |

The stock options granted to the members of the Executive Board are broken down as follows: As of December 31, 2007, Lars Hinrichs held 17,333, Eoghan Jennings 13,481 and Burkhard Blum 7,511 (granted in 2006) and 8,000 (granted in 2007) stock options of the Company. Depending on the length of the lock-up period of two to four years, the fair value was between €9.27 and €10.62 per stock option at the point at which the options were granted on December 6, 2006 and between €12.67 and €14.45 per stock option at the time at which the options were granted on September 7, 2007. The total fair value of the stock options which were granted was thus €170 thousand for Lars Hinrichs, €135 thousand for Eoghan Jennings and €75 thousand (from the stock options granted in 2006) and €110 thousand (from the stock options granted in 2007) for Burkhard Blum.

Premature termination of activity

If the employment is not terminated for a compelling reason, the Company is obliged to continue to pay the salary to a member of the Executive Board if that person's position on the executive body is prematurely terminated and is authorised to release the member of the Executive Board from his duty to perform any other activity for the Company. In the case of the member of the Executive Board Mr. Blum, all non-monetary benefits must be allowed to continue if Mr. Blum is exempted from his duties.

If the member of the Executive Board Mr. Blum dies while he is still employed by the Company before reaching retirement age, the Company shall pay 1/12 of his annual basic salary per month to his heirs for a further six months.

In the event of a change of control, the Company shall grant the member of the Executive Board Burkhard Blum upon request a cash settlement for the stock options which have not yet become exercisable at the point at which the agreement was terminated.

Supervisory Board

The compensation is fixed by the shareholders' meeting based on a proposal of the Executive Board and Supervisory Board and is detailed accordingly in the Articles of Incorporation.

For every occasion on which they attend a meeting of the Supervisory Board, the members of the Supervisory Board receive compensation of €2 thousand per meeting day (previous year: €2 thousand). The members of committees of the Supervisory Board additionally receive compensation of €1 thousand for each day on which they attend a committee meeting (previous year: €0).

For each occasion on which he attends a meeting of the Supervisory Board, the Chairman of the Supervisory Board receives compensation of €4 thousand per meeting day (previous year: €3 thousand) and he receives compensation of €3 thousand for each on which he attends a committee meeting (previous year: €0).

The total compensation of a member of the Supervisory Board for attending Supervisory Board committee meetings must not exceed €75 thousand per member per financial year (previous year: €0). The total compensation of the Chairman of the Supervisory Board must not exceed €150 thousand per financial year (previous year: €20 thousand).

An overview of the Supervisory Board compensation is set out in the following table:

| Members of the Supervisory Board | Attendance in Supervisory Board meetings | Attendance in Budget Committee | Attendance in M&A Committee | Attendance in Compensation Committee | Attendance in committee meetings | Total compensation |
|---|--|--------------------------------|-----------------------------|--------------------------------------|----------------------------------|--------------------|
| | in € thousand | in € thousand | in € thousand | in € thousand | in € thousand | in € thousand |
| Dr. Neil V. Sunderland (Chairman of Supervisory Board) | 40 | 0 | 8 | 6 | 21 | 75 |
| Dr. Eric Archambeau | 20 | 9 | 0 | 0 | 7 | 36 |
| William Liao | 20 | 3 | 24 | 18 | 0 | 65 |
| Total | 80 | 12 | 32 | 24 | 28 | 176 |

Furthermore, William Liao, member of the Supervisory Board of XING AG, provided advisory services for corporate and business development as well as strategic planning. Accordingly, a remuneration of €100 thousand (previous year: €72 thousand) has been paid.

Further information on the stock option program

Stock option plan 2006 (AOP 2006)

Pursuant to the resolution of the shareholders' meeting of November 3, 2006 (modified by the resolution of the shareholders' meeting of November 21, 2006), the Executive Board was authorized, with the approval of the Supervisory Board, to issue up to 288,822 stock options with subscription rights for shares of the Company with a term of up to five years in the period between the point at which the resolution is adopted and October 31, 2011 subject to the details of the following stipulations as part of the stock option plan 2006 (AOP 2006), on condition that each stock option confers the right to purchase one share of the Company which is issued after the capital increase out of Company funds carried out in accordance with agenda item 4 (of the shareholders' meeting of November 3, 2006). The stock options are designed to be purchased exclusively by members of the Executive Board, selected senior executives, other key personnel and other employees of the Company and are also designed to be purchased by the members of management, selected senior executives, other key personnel and other employees of companies which are affiliated companies with regard to the Company in accordance with section 15 AktG (referred to in the following as subsidiaries). With regard to issuing stock options to members of the Executive Board of the Company, this authorization is applicable solely for the Supervisory Board. The stock options can also be underwritten by a credit institution, albeit with the obligation of having to transfer the stock options in accordance with instructions of the Company to authorized parties who alone are authorized to exercise the subscription right.

(a) Parties authorized to subscribe for shares

In accordance with the AOP 2006, stock options are permitted to be issued only to members of the Executive Board of XING AG, to members of management of subsidiaries and to selected senior executives, other key personnel and other employees of XING AG and its subsidiaries. The precise group of authorized parties and the extent of stock options to be offered to each party are determined by the Executive Board of XING AG with the approval of the Supervisory Board of XING AG. If members of the Executive Board of XING AG are to receive stock options, the Supervisory Board of XING AG is solely responsible for determining and issuing the stock options.

With regard to issues of stock options to members of the Executive Board, an annual report must be submitted in accordance with the statutory regulations in the notes to the annual financial statements, specifying the names of the members of the Executive Board benefiting from such arrangements and the precise number of stock options issued to these members of the Executive Board. This is also applicable for the number of subscription rights relating to stock options exercised by members of the Executive Board in each completed financial year, the exercise prices paid thereby, as well as the number of stock options still held by the respective members of the Executive Board at the end of the completed financial year.

(b) Subscription right

The stock options grant the holder the right to subscribe for no-par value voting registered shares of XING AG. Each stock option grants the holder the right to subscribe for one share of XING AG in exchange for the payment of the exercise price in accordance with letter (a). The new shares participate in profits 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 terms and conditions of the options may permit the Company to satisfy the beneficiaries' subscription rights by offering treasury shares or cash settlement instead of issuing new shares from contingent capital; if a decision is to be taken with regard to the granting of treasury shares to beneficiaries who are members of the Executive Board of XING AG, such decision is the responsibility exclusively of the Supervisory Board.

(c) Acquisition periods

The issue is to take place in two annual tranches, on condition that no tranche comprises more than 60 percent of the overall volume. Stock options are not permitted to be issued in the period between the tenth day of the last month of each quarter and the day of the subsequent announcement of the corresponding provisional quarterly results (both days inclusive) and also in the period between March 10 of each year and the day of the ordinary shareholders' meeting of the Company (both days inclusive). The day of issue is defined as the day on which the subscription application of the beneficiary is accepted by the Company or the credit institution engaged by the Company for handling such applications.

(d) Lock-out period, exercise period and option term

The subscription rights attached to the stock options may only be exercised after the end of a lock-up period. The lock-up period is at least two years for 50 percent of the stock options granted, at least three years for a further 25 percent of the stock options granted and at least four years for the remaining 25 percent. It starts on the day after the respective stock options are granted (the day on which the subscription application of the beneficiary is accepted by the Company or by the credit institution engaged by the Company for handling such application). The subscription rights attached to the stock options can be exercised each year only during a period of two weeks starting on the sixth day of trading on the Frankfurt Stock Exchange

- after the ordinary shareholders' meeting of the Company or
- after the day on which Deutsche Börse AG has published the quarterly report of the Company.

The subscription rights may be exercised within a period of five years starting from the day on which the stock options are granted.

(e) Exercise price

The exercise price for one share of the Company is the arithmetic mean of the closing auction prices for the Company's shares in XETRA trading (or a comparable successor system) on the

Frankfurt Stock Exchange during the last 20 trading days prior to the issue of the respective stock option (i.e. the date on which the Company or the bank that is commissioned to perform settlement on the Company's behalf receives the letter of subscription from the beneficiary). Alternatively, the exercise price for stock options granted prior to the start of trading in the Company's shares following its IPO corresponds to the purchase price at which the Company's shares were placed during its IPO.

For the case that, during the life of the stock options, with a subscription right being granted to the shareholders, the share capital of the Company is increased by way of issuing new shares or treasury shares are issued or bonds with conversion or option rights relating to shares of the Company are issued, the terms and conditions of the option specify that the exercise price shall be reduced in the ratio between the average price of the subscription right to which the shareholders are entitled on all trading days on the Frankfurt Stock Exchange and the closing auction price of the shares of the Company in XETRA trading (or an equivalent successor system) on the Frankfurt Stock Exchange on the final market day before the shares go ex rights. This adjustment is not applied if the holders of the stock options are granted a subscription right which is equivalent to the subscription right of the shareholders.

The terms and conditions of these options can also specify an adjustment if capital measures are carried out during the life of the subscription right (stock merger or split, capital increase out of company funds, capital reduction). However, the minimum exercise price is always defined as the minimum issue amount in accordance with section 9 (1) AktG.

(f) Objective

The subscription rights attached to the stock options may only be exercised if the closing auction price of the Company's shares in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange outperforms the SDAX (or a comparable successor index) for at least ten consecutive trading days within a period of one year prior to the exercise of the subscription rights.

(g) Further rulings

The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further details of the terms and conditions of the options and the issue and form of the stock options and in particular regulations regarding the transferability of the stock options and the expiry of the stock options. If the members of the Executive Board of the Company are affected, the further details of the terms and conditions of the options as well as the issue and the form of the stock options and in particular rulings concerning the transferability of the stock options as well as the expiry of the stock options, are determined by the Supervisory Board.

As of December 31, 2007, the Executive Board had issued a total of 211,795 stock options to employees and senior executives.

Identifying Opportunities. Capitalizing on chances.

01 >

Growth with new business models.
From a single-source business model to
a three-source business model: Subscriptions,
eCommerce, Advertising.



XING 

02 

Internationalization. A driving force for growth.

Consolidation in the business networking market started successfully.

03 

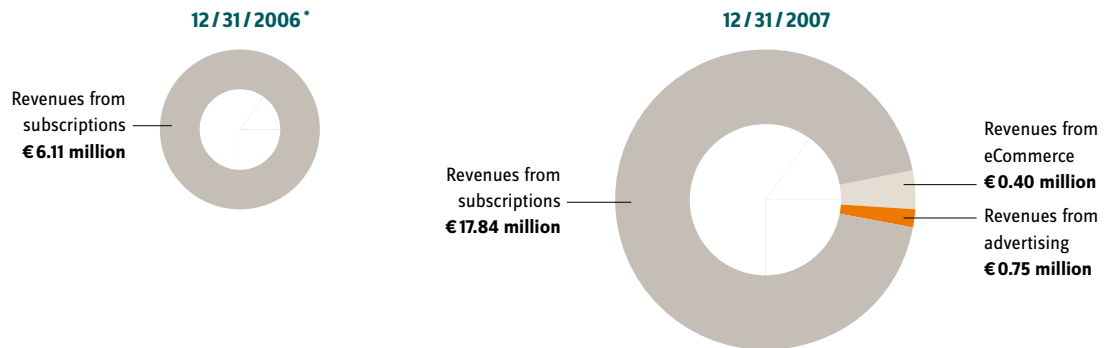
Growth through innovation.

Continuous development and releasing of new features.

01 >

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XING AG revenue distribution



* Short financial year 2006 (July - December)

In 2007, we based our business on a solid foundation of three revenue streams: Subscriptions, eCommerce and Advertising. In the future, this basis will allow the Company increased latitude in planning and offers a constant improvement in both product and service.

Growth with new business models.



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XING was founded in 2003 with a clearly defined business model: the Company's **Subscriptions** segment offers paying members additional functionalities for more active use of the platform in the form of the so-called Premium Membership for € 5.95 per month. This model has proved a complete success: XING AG was cashflow positive after just 90 days, while the

Company's IPO followed three years later. Proceeds from the IPO have been invested in the acquisition of competitors. The Company's operative income flows continuously into the development of new features and services to enhance the benefits of the platform for its member's professional, day-to-day needs. XING AG has thereby continuously strived to increase

XING had approximately 362,000 Premium Members at the end of 2007, thus increasing the number of paying members by 64 percent over the previous year.

the added value of the platform for its members over the past year. All innovations are clearly focused on their specific requirements – as long-term financial success for a company like XING AG is only guaranteed by ensuring constant customer focus. The development of XING's membership base provides proof of this: as of the end of 2007, XING recorded approximately 362,000 Premium Members. This represents an increase of around 64 percent over the previous year. The continuously rising income from membership subscriptions gives the Company the

opportunity to concentrate on introducing new business models. Successful and effective monetization of the XING platform is only feasible if its members are active and interested in the new services offered, such as job listings for instance. The high activity on the platform represents a key competitive advantage over our direct competitor based in the USA. Premium Members in particular visit the platform on a very regular basis, while many of them use XING every day to carry out their work more efficiently and locate relevant information and/or contact people.

Two new business models within one year
Over the course of the 2007 financial year, XING AG has successfully complemented the original subscription-based business model with two new sources of income, thereby placing the Company in an excellent position for future challenges and opportunities. Besides the new eCommerce



segment, XING AG also introduced online advertising to the platform at the end of 2007. The additional income generated from both of these new segments is enabling XING AG to drive forward the innovative development of the platform for all members.

In May 2007, the launch of “Marketplace”, where members can post offers for other members, laid the foundation stone for the second income source, **eCommerce**.



“Why has XING entered into the jobs market?”

“Advertising on the Internet and personal recommendations are now two of the methods used when recruiting for job vacancies. According to a survey carried out by the Centers of Human Resources Information System (CHRIS), 70 percent of all open positions in Europe are advertised on the Internet. Moreover, 70 percent of all job recruitments also involve recommendations. XING enjoys the unique position of being able to combine both to the advantage of individual members as well as recruiters and employers and to directly reach professional and yet latent job seekers.”

Since its launch in May 2007, XING Marketplace has successfully established itself as a market for job listings. The introduction of a new performance based billing system for job postings will open up new revenue possibilities for XING AG.

Address Book Groups Events Marketplace PremiumWorld

My account

Visitors to my profile

- Steve Johnson** GSM Holding AG
- Robert Shaw** American Banking Group
- Jonathan Ellis** Turner, Ellis & Richardson
- Sarah Brightwood** CBBO Consulting

More

Find new contacts with ease!

First name

Last name


Industry

Customize start page

View search agents

Go Premium now!
Make the most of all Premium benefits

HKS Banking Group
Grow your Investments



www.hksbanking.com

advertisement

By opening the platform for advertisers, XING AG has created a further source of revenues with which the Company can continue its innovative further development to benefit all members.



A BETA phase for job listings resulted in a high level of acceptance and demand. This test phase ended in mid-October with the implementation of an innovative, performance-oriented “pay-per-click” billing system, where posters are only charged if their offers are actually clicked on by users. Job vacancies posted on Marketplace also reach those members who aren’t currently actively looking for a job: an intelligent algorithm compares the stipulations of the offer with information in members’ profiles, provides them with relevant and otherwise hard-to-find job openings, thereby making XING an attractive guide accompanying members along their personal career paths. This feature is also particularly advantageous for recruiters and other Human Resources managers. It enables them to reach a highly attractive market segment, which does not otherwise use the classic online platforms to search

for jobs. Recruiters and employers can gain a direct impression of potential candidates on the platform and collate references from mutual contacts. Candidates can also initiate recommendations to a company via their network or exchange with “Insiders” already employed at the company in question. In the current financial year, XING AG will be contributing to the long-term success of the platform by introducing further sources of income within the eCommerce segment.

Advertising for Basic Members forms third income source

XING AG began the monetization of its Basic Members with the launch of **Advertising** in mid-December 2007. The Company hereby created its third income source in a highly promising market: according to an estimated forecast by ZenithOptimedia, expenditure on

“Will personal data be passed on to third parties once advertising has been introduced?”

“Under no circumstances! XING will not relay personal information such as addresses or telephone numbers to any third party at any time. Advertising on XING fully adheres with German and European data protections laws and guidelines. It is also the members themselves who have full control over their own privacy settings.”

online advertising is set to increase worldwide by approximately 24 percent to more than €30 billion in 2008 alone. And the online business networking industry is in particular demand here. In an Accenture survey carried out at the beginning of 2007, 38 percent of media and entertainment companies stated that this was the most attractive target segment for their online advertising budgets over the coming five years. Experts at eMarketer forecast advertising expenditure in the online social networking segment to total around €1.5 billion in the current year. By 2011, this level of investment is expected to more than triple. To ensure a situation that is equally optimal for both members and advertisers, XING is able to place online ads in a targeted way meaning that the content is relevant to specific members.



**Internationalization.
A driving force for growth.**



02 >

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We were the first to start consolidating in the business networking market, rapidly expanding in the Spanish-speaking market. We continue to believe in the potential for growth in additional international mergers.

Even before the Company's IPO, XING AG had positioned its platform as a global network for business people in 16 languages, establishing itself as the European market leader in the business networking segment. In the first half year of 2007, the Company invested proceeds from the IPO to forcefully drive its expansion strategy forward with two acquisitions and a key partnership in the United States.

Market leader in the growth markets Spain and Latin America

By acquiring the Spanish company eConozco, XING became the very first online network to enter fully into a key target market by taking over a direct competitor. The Spanish-speaking world has approximately 420 million native speakers in total, of which around 113 million already use the Internet. This acquisition enables XING AG

conquering the German-speaking world as market leader, this now marks the second strategically key market in which XING AG has achieved pole position.

Both of the platforms acquired have been used by members free-of-charge up until now. Due to the high level of profile compatibility and the



fast-track entry onto the Spanish-speaking market and a valuable presence in the major financial centers Barcelona and Madrid. The fast-growing eConozco platform offers business networking for the Spanish-speaking population across the globe. The Spanish network had already reached a critical mass at the time of acquisition, whereby personal recommendations from members had begun to automatically drive viral growth.

The Spanish-speaking world is of great significance for XING AG's expansion strategy. Hence the Company acquired Neurona, just a few months after the acquisition of eConozco in March 2007. This platform is the Spanish market leader in the online business networking segment. The takeover of the largest network for professional contacts in Spain and South America secures key strategic market shares for XING AG and positions the Company as the clear market leader in the Spanish-speaking market. Having

common focus on business professionals, the Company nevertheless expects members to be increasingly willing to pay for the comprehensive premium features on XING once they have been migrated to the platform.

Market entry in North America

In June 2007, XING AG entered into cooperation with Zoom Information Inc., operator of one of the leading search engines for business contacts in North America. Using specially developed software, ZoomInfo extracts high-quality information about business professionals, industries and companies on the Internet.

Neurona.com *Develop your contacts, build your future*

[Español](#) | [Italiano](#)

Neurona is Professional Networking
Expand and manage effectively your professional network

More than 1.000.000 users!!
39 Professional Groups

Sign up now!

Completely Free

Already a user...

Username
Email

Password

Remember password **Log in »**

[Forget your password?](#)

What is Neurons? What is Networking?
[Learn more »](#)

More than a contact list | **A useful service**

Multiply your connections | Advanced search



This cooperation gives XING members with English platform setting direct access to more than 40 million profiles of business professionals and 3.7 million company profiles. Premium Members are also able to directly contact around 18 million professionals via their email addresses. At the same time, the approximately 4.5 million users who visit ZoomInfo each month can also sign up to XING quickly and easily.

Proceeds from the IPO invested in growth

Alongside its clear market leadership in Europe and ongoing activities in China, XING AG has completed its initial market entry stage in North America and has realized its internationalization and expansion strategy announced at the IPO on a significant scale with its acquisitions made in Spain.

“How many new members has XING obtained from the online networks it has acquired?”

“The acquisitions of eConozco and Neurona involved an increase in our membership base in the Spanish-speaking world in excess of 1 million. At the end of the 2007 financial year, both companies had almost doubled their membership bases.”



“Which other markets might the Company be prospectively interested in?”

“The acquisition of cember.net at the beginning of 2008 has opened Turkey up as another important market. Germany is the largest trade partner with Turkey and XING AG’s strategy to migrate cember.net members to the XING platform represents an intercultural and financially sound bridge laid across Bosphorus.”

In the current financial year, XING AG continues to invest in the reinforcement of its market leadership in Europe. In January 2008, the Company announced the majority takeover of the Turkish competitor cember.net. With the acquisition of three competitors in ten months, the Company has affirmed its active course of consolidation on the market.

International marketing activities intensified
In the second half-year of 2007, the focus of marketing activities was also geared towards expansion of the Company’s market position in the Spanish-speaking world. Activities here ranged from very successful viral campaigns (e.g. mynetworkvalue.com) to search engine and display marketing, national and international coverage in the blogosphere, through to airline



Company Search

People Search

Job Search

ex: Jonathan Stern

Search

Advanced Search
Premium Services



Don't we look good together?

Get a Free XING Account (optional)

Connect with 4 million business professionals* worldwide!

Join XING and...

- Take your business network global
- Join XING's special interest groups
- Find former colleagues with its "alumni-at-large" network
- Connect using multiple methods of communication

*including members of neurona.com.

Already a XING subscriber? Sign in now

Status:

Company:

Title:

Industry:

Country/Region:

State:

City:

Gender: Male Female *

Yes, I accept the [Terms & Conditions](#) & [Data protection and privacy regulations](#) of XING AG.



promotion, print activities and events. Other regional marketing campaigns in France, England, Italy, Poland, Spain and India rounded off the extensive international acquisition and communication activities. XING AG also established further international cooperations, such as with ZoomInfo in the United States or Lycos/Jubii in France.

Local presence in international markets

Besides the multilingualism of the platform, XING's international focus is also strengthened by the presence of local teams in four different countries. Besides the Company Headquarters in Hamburg, XING AG is represented in Barcelona and Beijing as well as in Istanbul since the beginning of 2008. In future, the Company will be building up this local presence to meet the needs of members in a targeted way and be able to react quicker to local market trends. XING Ambassadors, who moderate XING Groups in

different regions, also play an important role here, actively encouraging networking amongst members and in turn boosting customer loyalty (at local events for example) as well as raising their willingness to become Premium Members.

A focus on local activities has also proven important when acquiring new members. With sufficient knowledge of regional trends and requirements and local expertise, marketing campaigns can be conceived that are specifically tailored to a certain region.

03 »

Our team is dynamic, creative and fast in designing new, custom-tailored features for our users, offering them an international, diverse network of contacts. At the same time, we take our commitment to data security very seriously.

Growth through innovation.



The XING platform has come of age over the past financial year. From a platform used predominantly for maintaining and managing contacts, it has evolved into a Web interface for business professionals all around the world. The XING platform's key success factors include the speed at which innovations take place and the clear focus on its

members. Technical developments on a continuous basis are a crucial prerequisite for the long-term success of a platform like XING. With new products and features providing qualified experts around the world with a clear boost in efficiency during their daily professional lives, for example when searching for contact partners or recruiting



qualified personnel, XING has become an indispensable part of members' daily online activities.

New features implemented

In the first half-year of 2007, XING AG focused on the development of important technical innovations, integrating small-scale features and services onto the platform on a weekly basis. The second half of the year witnessed the implementation of fundamental new functionalities.

An example here is the new mobile portal, which XING AG launched in August, aimed particularly at professionals with intensive travel schedules. The portal has been significantly developed over the course of the year. Back in 2005, XING AG became the first business networking provider to launch a mobile version of its platform. XING AG went on to develop a special "Launcher", especially designed for the

wide-distributed business cellphone BlackBerry, which saves users' login data enabling significantly faster access to the platform. The new mobile portal can be used on all Internet-enabled cellphones at an enhanced speed and with a simpler navigation and incorporates numerous new features such as XING Marketplace.

In time for the launch of the Apple iPhone in Germany, the Company once again proved its pioneering innovation by unveiling its mobile portal in a web-based iPhone application. This made XING AG the first provider in the business networking segment to set up an iPhone-specific website, in turn giving mobile networking a whole new dimension in terms of quality.



In contrast to other providers, the XING Mobile portal provides for the rapid, correct display of the mobile version of the XING site on any smartphone.

Simple data editing and the "What's new in my network" launch

With the launch of the new "Profile 2.0" member profiles, XING AG developed its platform into an integrated Web hub. Since September 2007, members can present their professional background and expertise even more clearly and comprehensively. The new profile also allows members to edit their data quickly and easily without having to click away from their profile page. Members can also list their profile on their other Web 2.0 profiles, linking the two directly.



"How many new features has XING launched on the platform over the past year?"

"In the 2007 financial year, XING AG integrated a newly develop innovation onto the platform every single week. A total of more than 50 software updates and a further 4,800 changes in 2007 are testimony to the sheer speed of the Company's innovation. XING AG is therefore excellently positioned for further challenges ahead in such a fast-moving market."

Groups from A to Z

Groups are a great way to share ideas and conversation, broaden your horizons and meet new people. Find the right group for you!

Groups
 Articles
 My articles

such as business, finances, alumni

Find



Overview

XING believes in the philosophy of a universal infrastructure for online networking applications and has adopted the open programming standards OpenSocial, developed by Google.

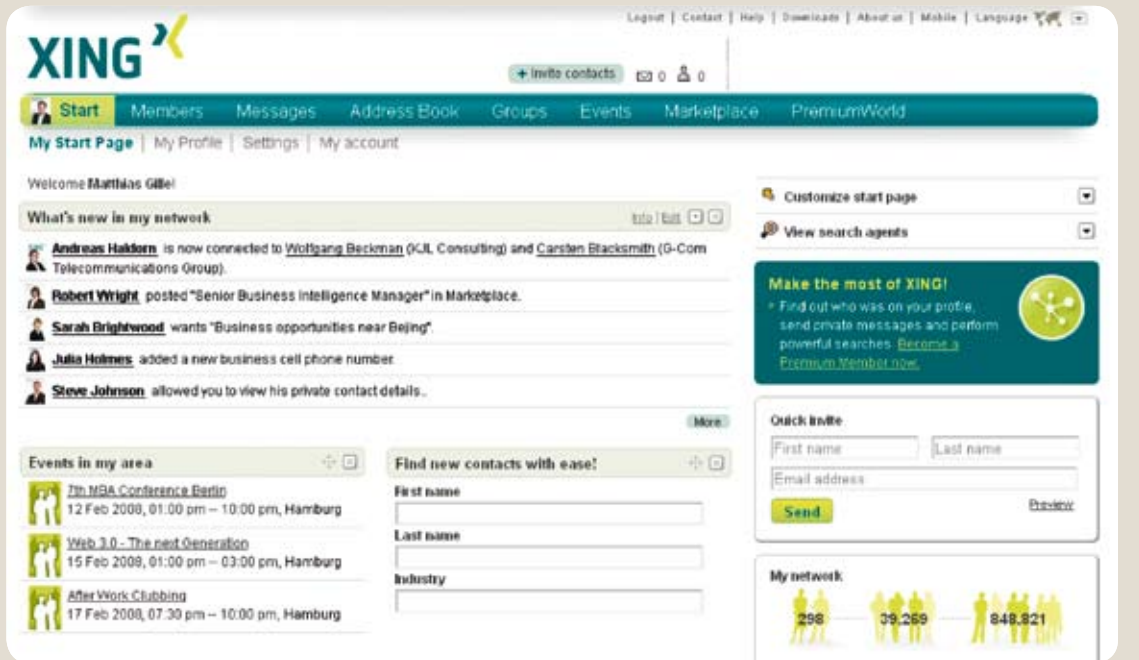
In November 2007, XING AG surprised its members with the launch of another exciting new feature. Subject to members' personal settings, the "What's new in my network" service lets members know about new developments within their personal network, hence increasing the value of the platform for their professional

success. Members can now see at a glance, for example, whenever a direct contact changes their employer or is promoted, connects to a new contact or edits other information in their profile. The news feed also shows members if a contact of theirs is attending an event or has joined a group. XING members have complete control of their own privacy settings and can therefore decide which information they wish to have displayed to their direct contacts.

Pioneering business model: pay-per-click for job postings

The introduction of a new fast-growing business model in October 2007 marked a milestone in the Company's product innovations. Since then XING AG provides an innovative billing system for job postings on the platform. Recruiters and employers can now pay to post offers on XING Marketplace using the so-called "pay-per-click"





method. Unlike traditional job portals, XING AG does not charge members for the posting of a job offer itself, but rather for the number of clicks on a posting (making payment performance-based). This creates a fast and efficient way for employers and recruiters to locate and hire qualified professionals for job openings.

The successful launch of online banner advertising on the platform for Basic Members in December 2007 means that XING AG has successfully introduced two new business models during its first full financial year by implementing new products and services. In doing so, the Company has laid a solid foundation for further growth.

“What was the most successful innovation for XING in 2007?”

“From the Company’s point of view, the most important development in 2007 was the launch of the new billing system for job postings in Marketplace. Now recruiters and employers can reach new experts and business professionals for € 0.49.”

Our employees for



46

01 Norman Timmler

Lead Software Architect

The most important part of my job is ensuring the stability and security of our platform. I'm involved in the product development cycle from the beginning in order to recognize demands made on scalability and expandability by a feature and to design the software to be forward looking.

02 Catherine Bazabas

Associate Member Relations

On the XING platform, customers can send us their personal requests in 16 different languages. First and foremost, I'm responsible for managing all French customer requests on XING.

05 Joaquín Moreno

Team Leader TLC

Our platform is available in 16 languages. Making this work requires a great deal of coordination as well as a constant stream of translations, many of which have to be done immediately. This is where I come in: my specialty is to unite linguistic sensitivity and broad cultural knowledge with the ability to organize the translation and localization process.

06 Maren Bierfreund

Manager Human Resources

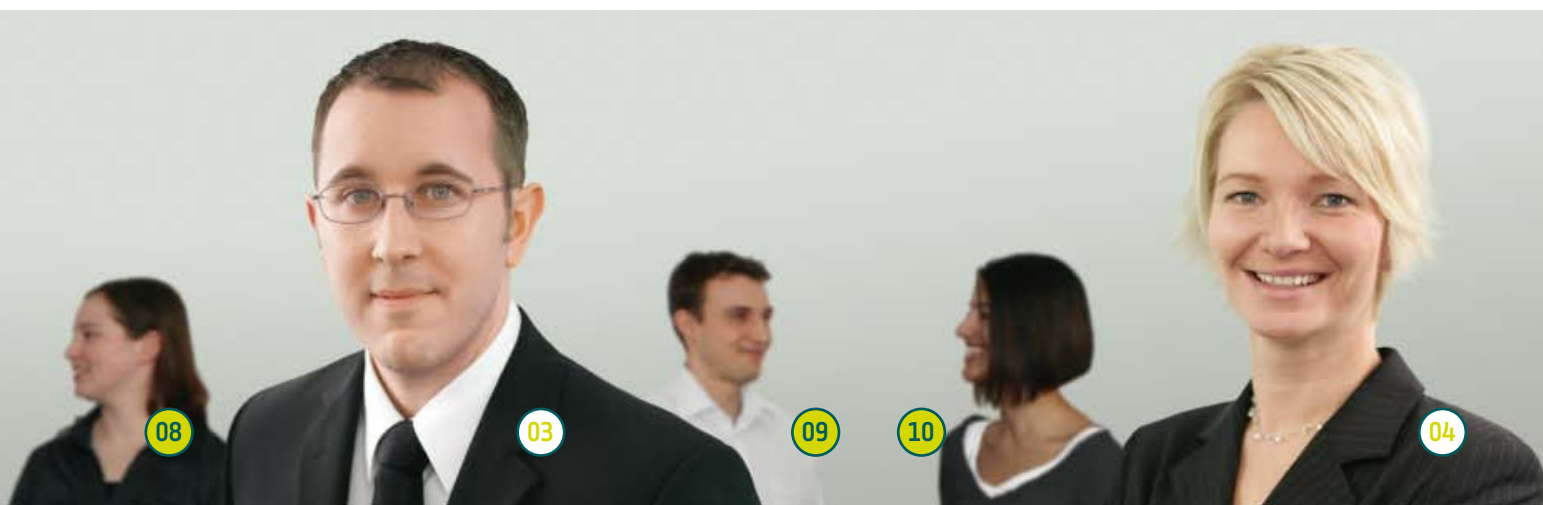
At XING, I take care of a number of tasks relating to human resources. These include recruiting, setting up personnel development, consulting employees and managers and drafting contracts and other documents.

07 Lena Poesl

Junior Manager Market Development

I'm in charge of the Ambassador program at XING. I'm the contact person for all XING Ambassadors around the globe. The Ambassadors moderate large regional groups and organize official XING events for XING members on a regular basis.

our members



03 Lars Neumann

Team Leader Product

Working together with the other product managers at XING, I'm responsible for the improvement and development of the platform. I work hand in hand with my colleagues in the Product team and as Team Leader, I coordinate operations. I also head larger products and act as an interface to the development team.

04 Heike Werner

Product Manager

My job entails designing new features for XING as well as improving and expanding existing features. The key factor I strive for is a balanced mixture of clear functionality, solid usability and innovation; while, of course, keeping the wishes and needs of our members in mind.

08 Ulrike Gruel

Junior Manager Community Relations

I look after the groups on XING and over 17,000 group moderators. I'm also active as a moderator myself in the official XING Group, where members can give us their feedback on the platform. I also act as an interface between the community and our product managers and ensure that the ideas and wishes of our members are represented in the product development process.

09 Martin Hügli

Junior Manager Corporate Development

I'm largely involved in planning the introduction of the next Marketplace category, in optimizing the job posting category in Marketplace and in evaluating partnerships and cooperation agreements.

10 Hazel J. Pandya

Senior Marketing Manager

I'm responsible for developing and implementing the corporate identity as well as the international acquisition of new members via online and offline marketing activities.



Success

XING connects people around the world in an open and collaborative way. Many success stories, both large and small, show that we are on the right path.

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A new business model based on XING

As one of the first users, I have always taken the time to learn about all of the functions available on the XING site and used them to optimize my marketing-related work. By organizing XING

get-togethers since 2004, I have been able to build up a large network of contacts. People from my network would ask me again and again how they could use XING most effectively.

At the end of 2006, I had the idea of offering a XING seminar. Since then (current date: February 29, 2008), I have trained over 500 XING members and have adjusted my profile accordingly. Without XING this whole business model wouldn't have been possible. Before XING I only knew about 50 of the 1,700 contacts I have today. I met all of the others by networking over XING.

*Joachim Rumohr, "Making the most of XING".
Now offering workshops throughout the country. Germany*



Five contracts thanks to group posting

As an associate of an HR consulting firm (direct search for skilled employees and managers from the public health system and the health care industry), I have browsed the topic-specific XING groups on a regular basis.

Wilfried Pfeffer, Arthos Consulting, Germany



New business the other way around - fastest contract in just three months

My success story took place in Bratislava in 2005. I sell an IT system for handling air cargo for my company and at the time I found myself looking for new business opportunities and customers. I have been a member of XING for three years and was enthusiastic about the system right from the beginning. I wanted to build up business relationships abroad through XING, so I used the site's search function to establish contacts with forwarding agents.

Daniel R. J. Stecher,
Lufthansa Systems, Germany

Make the most of XING as an artist!

I am an artist (singer, TV host and model) and I first heard about what was then called the "openBC" network in 2005. After receiving an invitation link from at least five agency managers in 2005, I decided to put up a profile. XING has opened the door for me to many event organizers, producers and other employers.

Ilka Groenewold, IG Entertainment,
www.ilka-music.com.
Die Künstlerin für Ihr Event!, Germany

A new paradigm: A job change made easy with XING

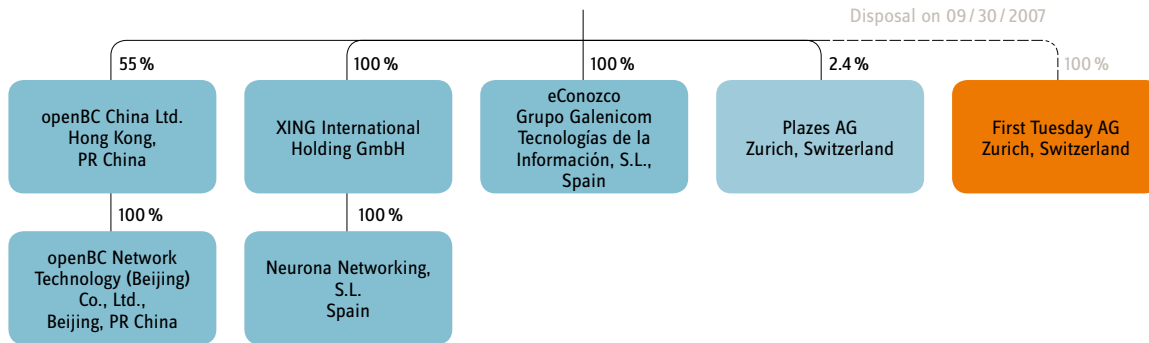
After spending over 12 years working as a project manager for international projects, I had developed a strong desire to pass on my knowledge and set up my own business as a trainer and consultant for project optimization. Without XING I wouldn't have been able to establish the necessary contacts to do this from the rural area of Eifel.

Kurt R. Klöser, Engineer.
MBE Management-Beratung-Education,
Germany

Group management report

for the financial year from
January 1 to December 31, 2007

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Business and conditions

Organization structure

Last year, XING AG expanded its business operations particularly at the international level and integrated new companies in the existing Company structure after acquisitions which were completed in Spain. XING AG operates the operating business of the XING Group.

With the acquisition of eConozco and Neurona in the first half of 2007, XING AG considerably strengthened its international presence and succeeded in breaking into the Spanish-speaking market. In addition, XING AG holds a majority stake (55 percent) in OpenBC Ltd. in Hong Kong. With the disposal of the subsidiary First Tuesday AG, Zurich, in September 2007 and the integration of major tasks at the Company's headquarter-

ters in Hamburg, XING AG has concentrated all relevant functions and responsibilities at its main location. The "Subscriptions", "eCommerce" and "Advertising" segments are thus managed and further developed from the Company's headquarters in Hamburg.

Business models and strategy

Business Models

XING AG operates one of the leading business networking platforms measured in terms of activity (average minutes per visitor and page impressions; comScore Media Metrix 2.0 Report, December 2007) of its members. The XING platform offers its members the possibility of finding old and new business contacts, maintaining and enhancing existing contacts and also actively using their individual networks in order for instance to expand activities into new local, regional and international markets.

XING members are able to choose between the free “Basic Membership” and a “Premium Membership” for which a subscription is payable. The member subscriptions are received in advance. The “Premium Membership” enables the platform to be used much more actively and also offers cheaper conditions in the “PremiumWorld”.

With its “eCommerce” business model, XING also offers a market place in order to bring together supply and demand in the job market to permit active planning of a member’s own carrier.

The third pillar was started by XING AG at the end of the fourth quarter of 2007. Since December, the Company has been generating additional revenues with advertising (for “Basic” members) on the platform.

The technical platform of XING AG features a high degree of scalability. The technical infrastructure enables new members to be signed up without this resulting in a directly proportionate increase in IT costs or without having a negative impact on performance.

The business model is also characterized by low costs of signing up new members; this is mainly due to the effect of viral growth, i.e. the recommendation of other members.

Strategy

The strategy of XING AG focuses directly on its members. Only the members turn the platforms into relevant and effective “business tools” for their professional and business daily life. Accordingly, all measures which are taken by the Company focus on the needs of its members. Constant further development of the platform, new features as well as interesting and relevant

services mean that the XING product is an essential instrument for business persons throughout the world. In the opinion of the Company, this means that member satisfaction can be continuously boosted and, a factor which accompanies this aspect, the strategy for retaining and signing up new members can be further expanded.

In addition to signing up new members and the organic growth of the platform, a further long-term factor of success for the Company is to be seen in the continuous increase in the activity of existing members. In particular, it is more likely that active members will become or will remain Premium Members. In order to attain these objectives and to ensure customer satisfaction, XING AG will in future continue to concentrate a considerable proportion of its resources on developing new features and services and improving existing features and services.

The scalability of the business models as well as the technical infrastructure of XING AG permit profitable growth. As a listed company, XING AG also intends to retain its subscription-financed business model in future.

Major locations

XING AG positions itself as the European market leader in the online business networking market. With 4.83 million members world-wide, the Company has virtually tripled its member base during the past twelve months. The increasing international focus of XING AG also means that the Company is having to set up skills in the core markets such as Spain, Turkey or China. At the point at which this report is published, the Company had locations in Barcelona, Istanbul and Beijing. In addition to China, XING AG

is also focusing on the growth market of the United Arab Emirates, where it has recruited a "Country Manager" for providing active local support to the market. In addition, European markets such as Great Britain, Switzerland, Italy, Belgium and Hungary are supported and continuously developed by specialists.

Compensation report

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

Disclosures in accordance with section 315 (4) HGB and explanatory report of the Executive Board in accordance with section 120 (3) sentence 2 AktG

The following disclosures in accordance with sections 289 (4), 315 (4) HGB reflect the conditions as applicable on the balance sheet date. At the same time, the following explanation of these disclosures complies with the requirements of an explanatory report in accordance with section 120 (3) sentence 2 AktG.

Subscribed capital

The subscribed capital of the Company of € 5,201,700 comprises 5,201,700 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. The voting right commences when the statutory minimum contribution has been provided in relation to the shares. The rights and obligations associated with the shares result from the rulings of the Aktiengesetz (German Stock Corporation 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 the transfer of shares

The Executive Board is not aware of any restrictions which might affect the voting rights or transfers of shares. All lock-up periods in connection with the initial public offering expired in the period under review.

Interests in the capital of the Company of more than 10 percent of the voting rights

As of December 31, 2007, the Company is aware of an equity participation of LH Cinco Capital GmbH, Hamburg, whose sole shareholder is the Chairman of the Executive Board Lars Hinrichs, of 27.66 percent of the voting rights of XING AG. As of December 31, 2007, the Chairman of the Executive Board Lars Hinrichs directly and indirectly owned a total of 27.69 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.

Nomination and dismissal of members of the 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 July 6, 2007. In accordance with point 7 (1) of the Articles of Incorporation, the Executive Board consists of one or several persons. 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 18 of the Articles of Incorporation in the version of July 6, 2007, 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 shares are all based on corresponding authorization resolutions of the shareholders' meeting, the contents of which are detailed in the following.

Authorized capital

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, 2001, by issuing up to 1,925,850 new no-par value registered shares against cash and/or non-cash contributions (authorized capital I). 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) sentence 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 issued amount is definitively fixed by the Executive Board and if the shares issued in accordance with section 186 (3) sentence 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 subscription rights as a result of other authorizations with the direct or corresponding application of section 186 (3) sentence 4 AktG have to be offset in relation to the restriction.

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.

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

Contingent capital I

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 contingent capital I 2006 serves to ensure that subscription rights can be satisfied or stock options issued by the Company in the period until October 31, 2011 as part of the 2006 Stock Option Plan on the basis of the authorization granted by the shareholders' 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 treasury shares or cash settlement. The shares are issued out of the contingent capital at the exercise price defined in accordance with letter c) (e) of agenda item 6 of the shareholders' meeting of November 3, 2006. The new shares participate in the profits 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.

As of December 31, 2007, the Executive Board had issued a total of 211,795 stock options to employees and senior executives.

Contingent capital II

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.

Authorization to purchase treasury shares

Pursuant to the resolution of the shareholders' meeting of November 3, 2006, the Executive Board was authorized to purchase treasury shares:

a) In accordance with section 71 (1) No. 8 AktG the Executive Board is authorized, until April 30, 2008 with the approval of the Supervisory Board, to purchase shares of the Company in order to

- use shares of the Company within the framework of the merger with companies or within the framework of the acquisition of companies, equity participations in companies or parts of companies, or
- launch shares of the Company on international stock exchanges on which they had previously not been admitted to trading, or
- sell them for a price which is not significantly lower than the market price of the shares of the Company at the time of the sale, or
- retire them.

The authorization is limited to the acquisition of shares with a proportionate amount of the share capital attributable to these shares of 10 percent of the share capital at the time at which the resolution regarding the authorization is adopted. The shares are acquired via the stock exchange or by means of an offer which is directed to all shareholders of the Company.

If the shares are acquired via the stock exchange, the consideration per share (excl. ancillary purchase costs) to be paid by the Company must not differ by more than 10 percent from the average closing price of the shares of the Company on the three market days before the obligation to acquire treasury shares is taken on. The closing price is determined by the closing auction in XETRA trading (or in a functionally equivalent successor system replacing the XETRA system) on the Frankfurt/Main stock exchange or - if no XETRA trading takes place - the closing auction in on-floor trading of the official market of the Frankfurt/Main stock exchange.

If the shares are acquired by way of an offer directed to all shareholders of the Company, the consideration per share to be paid (excl. ancillary purchase costs) must not differ by more than 10 percent from the average closing price of the shares of the Company on the three market days before the day on which the decision to submit the offer is published. The closing price is determined by the closing auction in XETRA trading (or in a functionally equivalent successor system replacing the XETRA system) on the Frankfurt/Main stock exchange or - if no XETRA trading takes place - the closing auction in on-floor trading of the official market of the Frankfurt/Main stock exchange.

If the price differs considerably from the offered consideration after the publication of the decision to submit the offer, the offer can be adjusted. In this case, the relevant amount is determined in accordance with the corresponding price on the last trading day before the publication of the adjustment; the 10 percent limit relating to differences from the shares price has to be applied to this amount. The volume of the offer can be limited. If the entire acceptance of the offer exceeds this volume, the acceptance must be scaled down to reflect the actual number of shares offered. It is possible to provide for preferential treatment for purchasing or accepting small quantities of up to 100 shares for purchasing offered shares of the Company for each shareholder of the Company.

b) The Executive Board is authorized, with the approval of the Supervisory Board, to resell the shares of the Company which have been acquired under the above authorization set out in letter a), with the exclusion of subscription right of the shareholders, in a manner other than via the stock exchange or via an offer to all shareholders,

- in order to provide the consideration within the framework of company mergers or for acquiring companies (equity participations in companies or parts of companies) or
- in order to settle claims arising from the stock option plan 2006, or
- if the sale price to be paid in cash is not significantly lower than the average closing price of the shares of the Company on the three market days before the sale of the shares. The closing price is determined by the closing auction in XETRA trading (or in a functionally equivalent successor system replacing the XETRA system) on the Frankfurt/Main stock exchange or - if no XETRA trading takes place - the closing auction in floor trading of the official market of the Frankfurt/Main stock exchange. 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 subscription rights as a result of a simultaneously existing authorization in accordance with section 186 (3) sentence 4 AktG and the number of shares which can arise as a result of the exercising of subscription rights which are granted with the exclusion of subscription rights in accordance with a simultaneously existing authorization under section 186 (3) sentence 4 AktG, must not exceed 10 percent of the share capital of the Company existing at the time at which the resolution is adopted by the shareholders' meeting.

c) The Executive Board is authorized, with the approval of the Supervisory Board, to retire treasury shares of the Company which have been acquired as a result of the existing authorization as detailed under letter a), without such retirement or the performance of the retirement requiring a further resolution of the shareholders' meeting. The retirement can be limited to part of

the acquired shares; the retirement authorization can be utilized on several occasions. The shares are retired in such a way that the share capital is not changed; instead, the proportion of other shares in relation to the share capital is increased by the retirement in accordance with section 8 (3) AktG (section 237 (3) No. 3 AktG). The Executive Board is authorized to change the number of the figure quoted for the number of shares in the Articles of Incorporation in accordance with the extent of the retirement.

d) All of the above authorizations can be utilized in their entirety or in several parts.

The Executive Board has so far not utilized that authorization to acquire treasury shares.

Compensation agreements between the Company and members of the Executive Board or employees in the event of a takeover bid

At his request, XING AG guarantees to grant Executive Board member Burkhard Blum a cash settlement for the stock options which become non-exercisable in the event of a change of ownership of the Company, resulting from the requirement to transfer inherent in a takeover bid (change of control).

Other declarations

All other declarations pursuant to Article 289 para. 4, Art. 315 para. 4 of the German HGB law relate to conditions not present at XING AG. There are no shareholders with shares granting special rights of control, no voting rights limitations due to employees participating in the Company's capital, nor major agreements which are conditional to a change of control resulting from a takeover bid.

Macro-economic and sector conditions

Macro-economic situation

Economic momentum in 2007 declined slightly in the Euro zone. Whereas gross domestic product (GDP) in the first quarter of 2007 increased by 0.8 percent compared with the previous quarter, GDP growth in the second quarter of 2007 slowed down appreciably to 0.3 percent; this was due partially to seasonal distortions affecting investments, which declined in the second quarter compared with the previous quarter. Economic momentum picked up again in the second half of the year, although it failed to return to the pace seen at the beginning of the year. Economic growth in the Euro zone last year was expected to be 2.5 percent. In the home market of Germany, economic growth of 2.5 percent is anticipated for 2007, compared with 2.9 percent in the previous year (economic forecast 2008, FAZ Institut, DZ Bank). In Spain, which is an important market for XING AG, growth is expected to be above average compared with the Euro zone, namely 3.8 percent. XING AG has identified strong growth potential particularly in Spain and in the entire Spanish-speaking world.

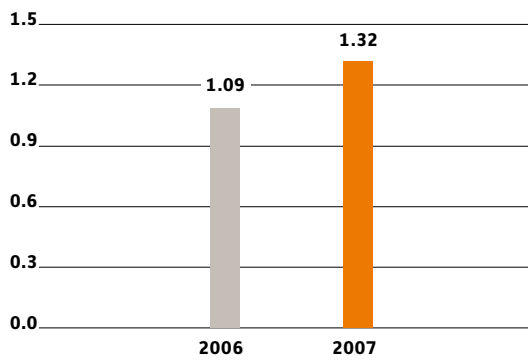
Despite economic volatilities and the subprime crisis in the United States, XING AG does not consider that it is exposed to any special economic fluctuations.

Market development

XING AG operates in the so-called Business Networking market, a sub-segment of the Online Social Networking market. Last year, the entire market performed very strongly and attracted several million members. Social networks expand primarily by way of personal recommendations or email invitations which invite a person to participate in the network. Member growth has increased not only as a result of demographic developments and an increase in the relevant target group (businessmen and businesswomen worldwide) but also as a result of the worldwide increase in Internet penetration and the willingness to pay for relevant and useful online content. Worldwide, the number of Internet users has risen from 1.09 billion at the end of 2006 to 1.32 billion users (www.internetworldstats.com) at the end of 2007. As an international business network with a multilingual platform, XING AG is thus participating in the increasing dissemination of the Internet.

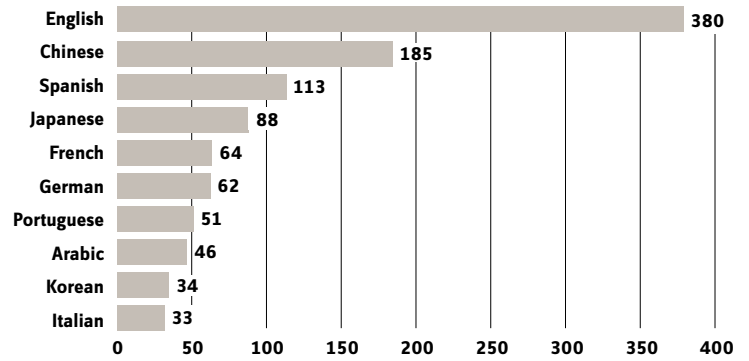
58

Increase in Internet users worldwide last year, in billion¹



¹ Source: www.internetworldstats.com

The largest Internet language regions, users in million¹



¹ Source: www.internetworldstats.com

The Spanish-speaking world in particular (with around 113 million Internet users) is an important market for XING AG. With the acquisition of the Spanish competitors eConozco and Neurona in the first half of the year, XING AG has secured important market shares in the third largest Internet language region.

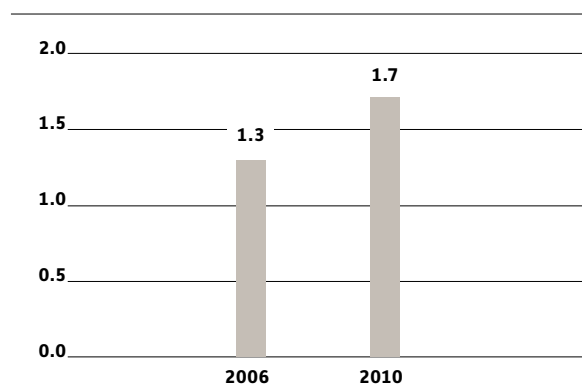
According to an analysis carried out at www.internetworldstats.com, the number of Internet users worldwide will rise to around 1.7 billion users in the year 2010 and will enable the Company to achieve further member growth.

Competition

The XING platform is characterized by strong commitment of its members. According to its own analysis, more than 90 percent of all Premium Members have visited the platform during the past 30 days. The Company considers that this is a crucial competitive advantage compared with direct competitors, e.g. LinkedIn. A large number of active and loyal users is essential for establishing an attractive business networking web site. The usefulness of a networking website is directly proportionate to the number of active members, because it becomes easier for members to find

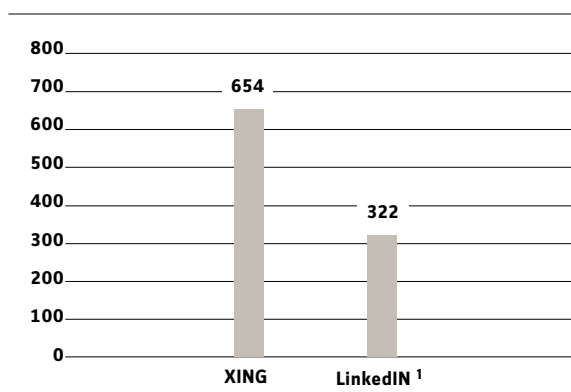
each other and to contact each other. In addition, active members also result in a higher level of customer satisfaction because they are more likely to respond to personal news and contact enquiries and update their profiles more frequently. The number of page impressions and the average minutes per visitor are examples of important parameters for measuring the activity of a platform. The challenge to create an attractive and efficient platform in order to enable relevant information or contact data to be found quickly is particularly relevant for the target group of "business persons" who, in the opinion of the Company, have much less time for social networks than students or school children for instance. With the growth in the number of paying members and the Basic Members last year, the number of page impressions has increased significantly. Compared with around 1.67 billion page impressions in 2006, the Company generated around 2.37 billion page impressions last year, according to its own calculations, and thus confirms the increased significance of the platform in Germany and also on the international scene.

Expected growth in the number of Internet users worldwide in billion¹



¹ Source: www.internetworldstats.com

Page impressions in the fourth quarter of 2007 in million



¹ Source: comScore Key Measures Report - MyMetric of December 2007

In 2007, the important activity parameter "Average minutes per visitor" (worldwide) was 27.3 minutes compared with 9.43 minutes of the direct competitor LinkedIn (source: comScore Key Measures Report - MyMetric of December 2007).

According to the Company, these figures confirm the strong activity of the member base and also enhance the value of the platform for all members. In the home market of Germany, the average minutes per visitor on the XING platform is 44.08 minutes. The continuous further development of the platform and in particular the establishment of new business models such as the Marketplace and also advertising strengthen the competitive position of XING AG and ensure that existing business is based on several pillars.

Highlights and business development in the Group

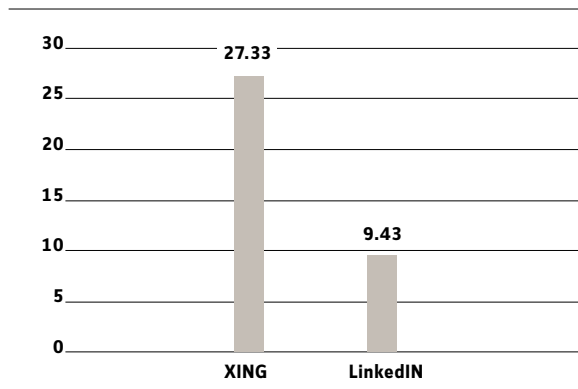
In the first full financial year following the initial public offering in December 2006, XING AG has laid an important foundation for future growth and has simultaneously met its full-year forecast for 2007. At the end of the first quarter of 2007, XING AG started to invest some of the proceeds of the IPO in growth and acquired the Spanish business networking platform eConozco in March 2007. XING has thus been the first social network

to take over another network and integrated it approximately six months later. Only approximately four months later, XING AG acquired the Spanish market leader in business networking, the "Neurona" platform and thus acquired market leadership in the Spanish-speaking world. With the integration of Neurona (probably at the end of March 2008), the Company will attain critical mass and will thus enjoy a sound starting position in order to further accelerate the pace of growth in the member base totaling approximately 1.66 million users in Spain and South America at the end of 2007.

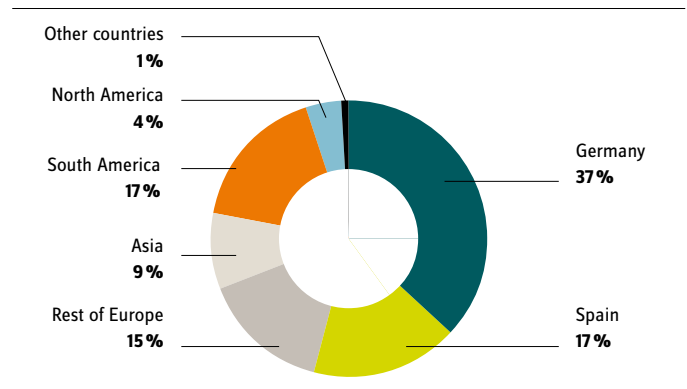
XING AG was also able to considerably expand its member base last year in its home market of Germany. The number of members increased from 1.09 to 1.73 million at the end of last year.

XING AG took the first step into the North American market which is dominated by one competitor last year by way of the partnership with ZoomInfo. The cooperation will in future provide XING members with direct access to more than 40 million profiles of business people and 3.7 million company profiles. In addition, Premium Members can directly contact approximately 18 million business persons via their email addresses. The visitors of ZoomInfo

Average minutes per visitor worldwide in minutes¹



Regional member split



¹ Source: comScore Key Measures Report - MyMetric of December 2007 (average for 2007)

(around 4.5 million every month) are also able to become a member on XING quickly and easily.

A further highlight of financial year 2007 was the start of the new business model in the “eCommerce” segment. With the introduction of a performance-based billing model for job offers in the XING Marketplace, the Company has established a further pillar of earnings by changing over to paid job offers.

With the introduction of advertising for Basic Members at the end of the fourth quarter of 2007, XING AG started its third main area of operation and also the “Advertising” business model and, together with a partner, started to fill small parts of the platform with advertising and generate additional sales in this segment.

Development in the number of members

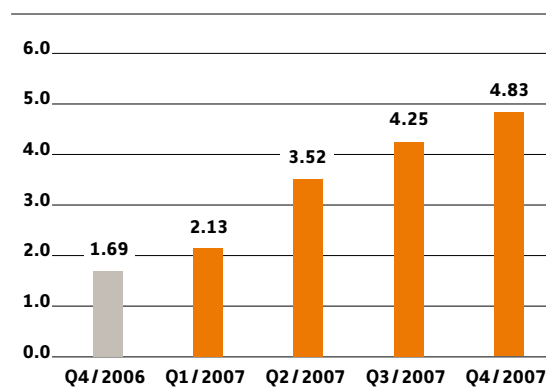
In addition to the acquisitions and partnerships which have been completed, XING AG also achieved very strong organic growth in the financial year 2007. The third quarter of 2007 was the most successful quarter in the Company’s history so far, with more than 700,000 new members, including approximately 40,000 new paying members. After adjusting the acquisitions which have been completed in Spain, XING AG

achieved organic growth of approximately 2.14 million new members in 2007. With the acquisitions, XING AG has almost tripled its user base. The growth among Premium Members also continued last year. With approximately 141,000 new paying members in 2007, XING AG achieved the strongest growth in Premium Members in the Company’s history. At the end of the year, the Company has around 362,000 paying members.

Activity of members is a factor of success

In the opinion of the Company, the main factor of success for social networks in the Internet is the individual activity of its users. Active members become or remain Premium Members with a higher level of probability. Accordingly, XING AG increases the activity of all members by permanently introducing new functions and offers. New functions such as “News from my network”, “Job offers which match my profile” and also the revising and further developing of areas such as the address book, groups, events or the email functionalities enhance the useful value for members and thus encourage a proactive approach with the platform. XING members thus learn how to use their network better and more efficiently and how to integrate the platform in their daily work.

Number of members XING AG in million



Results of operations in the XING Group

Overview

In the calendar year 2007, XING AG generated service revenues and other operating income of €19.6 million compared with €9.7 million in the calendar year 2006 and €6.1 million in the short financial year 2006. This is equivalent to growth of 102 percent on a calendar year basis between 2007 and 2006. Revenues of €6.5 million were reported in the final quarter of the year.

In the calendar year 2007, XING AG improved its results of operations appreciably and continued its highly profitable course of growth. Accordingly, operating result EBITDA in the reporting period was around €6.9 million. This is equivalent to an EBITDA margin of 36 percent ((12) percent in the short financial year 2006, before non-recurring charges).

The following diagram reconciles the EBITDA shown in the consolidated income statement for the consolidated result of continued operations (financial year 2007) with non-recurring charges (short financial year 2006):

| EBITDA before extraordinary effects | 12 / 31 / 2007 In € thousand | 12 / 31 / 2006 In € thousand |
|---|---|---|
| EBITDA total | 6,249 | (1,219) |
| EBITDA of discontinued operations | (645) | (534) |
| EBITDA before non-recurring charges or of continued operations | 6,894 | (685) |

| Net profit before extraordinary effects | 12 / 31 / 2007 In € thousand | 12 / 31 / 2006 In € thousand |
|--|---|---|
| Consolidated result | 4,489 | (1,566) |
| Thereof: Costs of discontinued operations | 1,123 | 597 |
| Consolidated result before non-recurring charges or of continued operations | 5,612 | (969) |

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, 2007 are explained in greater detail and analyzed. The net assets and financial position are also considered in the course of this management report.

Service Revenues

In the calendar year 2007, XING generated service revenues of €19,047 thousand (calendar year 2006 €9,487 thousand and short financial year 2006 €5,903 thousand). The following overview breaks down the sales generated by services of XING AG:

| Service revenues | 12 / 31 / 2007 In € thousand | 12 / 31 / 2006 In € thousand |
|-------------------------|---|---|
| Premium Membership | 17,838 | 5,903 |
| Advertising | 750 | 0 |
| eCommerce | 374 | 0 |
| Other | 85 | 0 |
| Total | 19,047 | 5,903 |

At present, XING generates 94 percent of its sales mainly with its "Premium Membership" product. Broken down according to geographic region, Premium Membership revenues in financial year 2007 are as follows:

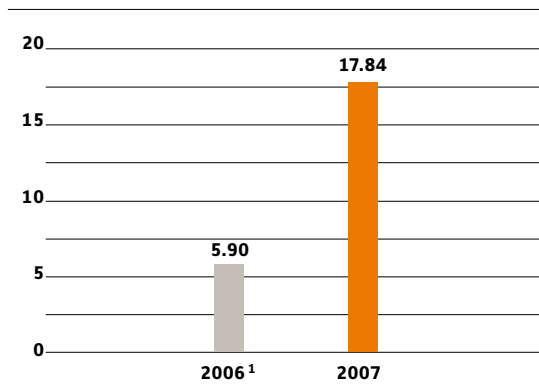
| Service revenues by region | 12 / 31 / 2007 In € thousand | 12 / 31 / 2006 In € thousand |
|----------------------------|---------------------------------|---------------------------------|
| Germany | 14,593 | 4,713 |
| Rest of Europe | 2,758 | 879 |
| Asia | 165 | 58 |
| America | 309 | 223 |
| Other | 13 | 30 |
| Total | 17,838 | 5,903 |

Accordingly, similar to the situation in the previous year, most sales generated with services (namely 82 percent, compared with 80 percent in the previous year) were generated with Premium Memberships in Germany.

Other operating income

The other operating income of €562 thousand in the period under review (previous year: €205 thousand) mainly comprises income from the reversal of provisions (€347 thousand) compared to €140 thousand in 2006.

Service revenues in € million



¹ Short financial year 2006 (July to December)

Personnel expenses and freelance

As a result of the continued strong growth in 2007, the Company has recruited further employees. During the period under review, the Company employed an average of 101 persons (previous year: 61) in addition to the three members of the Executive Board. As of December 31, 2007, 109 persons in total were working for XING AG (previous year: 74 incl. CEO). In 2007, the Company particularly recruited staff in the field of conceptional and technical development of the website and also in the field of market development. As a result of the acquisition of the Spanish networks in 2007, the Company took over 9.5 employees and 5 freelance staff (as of December 31, 2007).

As a result of the increase in the number of employees (+49 percent compared with December 31, 2006), personnel expenses have increased from €2,429 thousand in the short financial year 2006 to €4,884 thousand in the financial year 2007.

Marketing expenses

The marketing expenses which were incurred in 2007 related to partner, customer and new customer marketing and the expansion of the marketing infrastructure. Whereas expenses in the short financial year ended December 31, 2006 amounted to €620 thousand, they increased to €1,651 thousand for the above reason during the reporting period ending December 31, 2007.

Other operating expenses

The other operating expenses in 2007 amounted to €6,162 thousand which is an increase by €2,418 thousand compared to the previous year (€3,744 thousand). This development is mainly driven by an increase of IT expenses and other expenses of €1,557 thousand (2006: €772 thousand), legal-, consulting- and accounting expenses of €1,027 thousand (2006: €776 thousand), as well as expenses for server-hosting, -administration and traffic of €1,060 thousand (2006: €232 thousand). Therefore other operating expenses amount to 32 percent of total service revenues compared to 63 percent previous year.

Depreciation

This item comprises the depreciation on intangible assets and property, plant and equipment. In total, depreciation of €2,179 thousand was recognized, compared with €385 thousand in the previous year. At €1,374 thousand (previous year: €204 thousand), depreciation on the further optimized self-developed software was the largest item. In addition, investments in software resulted in a further increase in depreciation of €138 thousand (previous year: €57 thousand). The remaining items mainly relate to property, plant and equipment of €508 thousand (previous year: €124 thousand) and depreciation on other intangible assets of €159 thousand (previous year: €0).

Financial income and financial expenses

The generated financial income of €1,393 thousand in 2007 is mainly attributable to the choice of short-term, risk-free and high-yield investments (previous year: €116 thousand).

On average, both main investment products DB Platinum IV Corporate Cash and DWS Institutional Money plus generated between 3.60 percent (plus a tax-free content) and 4.12 percent during the calendar year 2007.

Financial expenses of €49 thousand were incurred as interest in financial year 2007 (previous year: €15 thousand).

Income from taxes

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 in their country of their registered office.

As of December 31, 2007, there are tax losses carried forward to around €6.8 million in Germany and Spain (previous year: Germany around €7.1 million), which can be used for being offset against future tax profits of XING according to the regional regulations, but which will probably not be capable of being used in an amount of €1.6 million as a result of existing tax uncertainties at present.

Business development in the "Subscriptions" segment

The business model of Premium Memberships has been in existence since the initial foundation of XING AG. In the Subscriptions segment, XING AG offers additional functionalities for more active utilization of the platforms to paying members via so-called Premium Membership for €5.95 per month. The Company has continuously

developed new features and services in order to integrate the platform in the day-to-day business of its members. In this way, XING AG last year again continuously enhanced the added value which the members generate through the platform. All innovations clearly focus on their needs. This is because only customer orientation guarantees long-term business success for a company such as XING AG. One demonstration of this aspect is the development in the number of members: at the end of 2007, XING AG reported around 362,000 Premium Members. This is equivalent to growth of 64 percent compared with the previous year.

The Company has boosted revenues in the Subscriptions segment to €17.84 million in 2007 compared with approximately €9.49 million in 2006 (2006 figures are unaudited).

Business development in the “eCommerce” segment

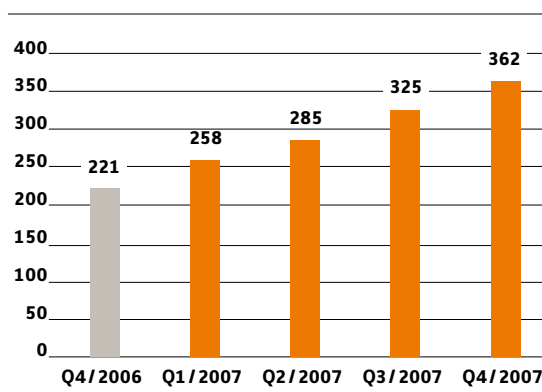
In financial year 2007, XING AG succeeded in extending its original subscription-financed business model to include two new main areas. In May 2007, the launch of “Marketplace”, on which

members can place offers for other members, laid the foundation for the second pillar of earnings “eCommerce”. A BETA phase with the category of job offers showed a high degree of acceptance and demand. The test phase ended in mid-October with the implementation of an innovative performance-oriented “pay-per-click” billing system, in which advertisers only incur costs when their ads are actually used. The job offers were visited a total of 1.05 million times in the Marketplace in the fourth quarter of 2007. Because a small proportion of these clicks is not invoiced as a result of “free clicks” which are provided, the Company thus generated revenues of around €374 thousand from job offer billings.

Business development in the “Advertising” segment

In mid-December 2007, XING AG positioned itself in a growth market with the launch of advertising for Basic Members and created a third earnings pillar for the Company. The experts of eMarketer are forecasting advertising spending of around €1.5 billion for the Online Social Networking segment this year. This figure is expected to more than triple by 2011. In order to create an equally optimum environment for the members and the advertising companies, XING AG can place advertising messages in such a way that they are displayed specifically to those members for whom the content is relevant. Last year, XING AG generated revenues of around €750 thousand.

Premium Members in thousand



Innovations / research and development

At XING, product development and engineering stand for innovation and continuous further development of a successful product in a rapidly expanding market. The aim in 2007, beyond viral growth, was to turn the platform into an essential component of daily Internet consumption for the XING users with new products and services. This was achieved by XING AG last year by continuously improving the functionality and service of the platform.

Continuous technical development is the essential precondition for stability and speed of the platform. Member growth and activity require a scalable platform as well as scalable development resources. Both of these aspects have been taken into consideration, in that the resources and processes in the product and engineering fields have been further expanded and brought into line with normal processes on the market by organizational means.

XING AG focuses particularly on the elementary needs of Internet users:

- Data security
- Speed of the application
- Innovations
- "Time to market"

For this reason, the XING platform already guarantees rapid response times, even under high load conditions (page impressions) and also maintains sufficient reserves to cope with higher loads in future due to rising numbers of members and increasing member activity. Intrinsic growth as well as potential growth due to acquisitions of other platforms have already been taken into consideration in this respect.

The purpose of developing new functionalities and improving existing functionalities is to further enhance the benefit of the platform for the members and also to implement the growth-oriented business strategy on the platform in a functional manner. In this respect, the focus is on increasing the average minutes per visitor, increasing activity and also increasing the efficiency of the core processes, such as registration, invitation (signing up members) and payment. In addition, further earnings pillars have been implemented, for instance, in eCommerce with the implementation of an innovative billing method for job offers.

The following were thus key areas of activity in 2007:

- Development of the Marketplace including an innovative business model as a new earnings pillar
- Relaunch of PremiumWorld (discount program for members)
- Technical integration and banner advertising as a further earnings pillar
- Development of a network newsfeed for the home page, which has significantly boosted user activity
- The development of a new user profile as a strategic basis for further functionalities and mash-ups
- Integration of new full-text search technology for searching for members and group articles
- Integration of eConozco in the XING platform, incl. members and networks
- Relaunch of the XING Mobile Portal (incl. mobile versions specifically for the iPhone) with the effect of a massive increase in traffic
- Integration of the search results of the American partner ZoomInfo
- Start of development for complete restructuring of the billing processes

- Developing a new invitation and registration process and optimizing the existing processes
- Development of a special "Enterprise" group on the basis of the group module
- Embedding an Outlook plug-in in the invitation process
- Further development of user profile to "Profile 2.0"
- Revising and improving the group offer (Premium standard for all groups)

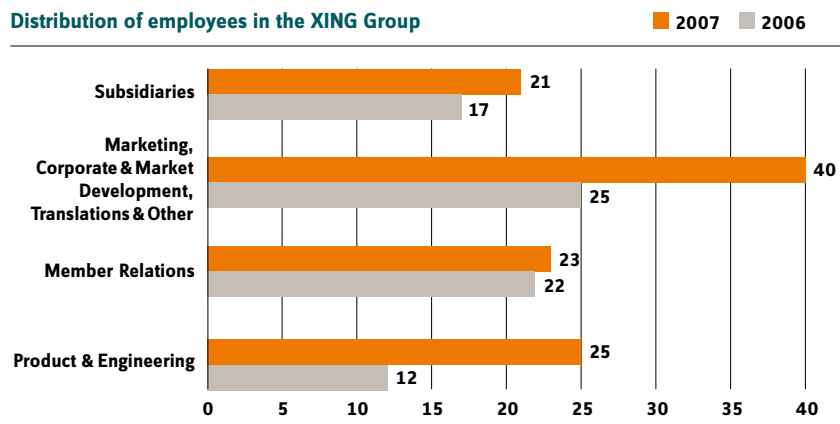
The extension of the XING development architecture to include the web development framework Ruby-on-Rails proved to be a major factor of success in 2007 for scaling the development process. In this way, XING has taken one step closer to its long-term objective of service-oriented architecture. The functionalities such as Marketplace, PremiumWorld, etc., are already running productively on Ruby-on-Rails.

The year 2008 will see XING AG confronted with new challenges; the Company will successfully meet these challenges as a result of the decisions described above and adjustments with a scalable architecture, sound processes and innovative technology.

Employees and non-financial performance indicators

Last financial year, XING AG further expanded by way of focused employee recruitment and additional professionalization in all functional areas. This is because without reliable and motivated employees, it will not be possible for the growth strategy to be implemented, nor will it be possible for new features to be realized. The innovation speed of XING with more than 50 new developments and approximately 4,800 changes on the platform in 2007, is only possible as a result of the close personnel ties and cooperation between teams from all areas. Employees from 17 (worldwide: 19) different nations are represented at the main location in Hamburg alone, so that the Company can at all times meet the needs of our international member base in a constant manner and provide a multilingual customer service. In addition, XING AG attracts applicants from throughout the world as a result of its international focus.

Distribution of employees in the XING Group



At the end of the year, XING AG employed a total of 109 persons worldwide. Of these persons, 90 are employed at the main location in Hamburg. The main additional personnel requirement last year occurred in the fields of Product & Engineering as well as Administration. In financial year 2007, of the total of 35 new employees, 28 alone had advanced qualifications. At the international locations such as Barcelona and Beijing, the XING Group employed a total of 21 persons.

Staff motivation and qualification

Staff qualification and satisfaction constitute key elements of the human capital of XING AG. As a Company with worldwide operations in the rapidly changing and simultaneously dynamic Internet sector, XING AG is reliant on highly qualified, motivated and committed employees. Flat hierarchies, efficient resource planning and small teams with large individual areas of responsibility for the employees characterize the corporate structure of XING AG.

With an average age of 30.4 years, XING AG has a young team, which nevertheless is very experienced in the Internet sector. The Company accordingly has a major responsibility for further encouraging its employees, offering them career prospects and regular feedback discussions as well as further development opportunities such as seminars or language training and also for continuing to create a pleasant working environment. This is the only way in which XING AG will be able to position itself as a “desirable employer” among future employees and senior executives.

Staff surveys confirm a very good working climate

Every six months, XING AG carries out a comprehensive anonymous staff survey at all locations on a voluntary basis in order to evaluate constructive, positive and also critical comments and feedback of the workforce and uses the results as the basis for identifying and implementing corresponding measures for the individual teams, management and the Company. A communicative corporate culture and the open dialog between employees and management are also reflected in the results of the survey. The participation rate was very positive (85 percent) and approximately 80 percent of all participating employees are convinced that the Company will use the staff survey for identifying and also implementing measures for further improvement. That XING AG is moving in the right direction to become a “desirable employer” is underlined by a further result of the survey. More than 92 percent of all employees would recommend XING AG as an employer to other parties.

Net assets

As of the balance sheet date December 31, 2007, liquid assets accounted for 63.5 percent (previous year: 87.4 percent) of the net assets of the Group (€37,844 thousand) with a balance sheet total of €59,600 thousand. The development in liquid assets from €45,225 as of December 31, 2006 to €37,844 thousand as of December 31, 2007 is mainly due to the acquisition of the companies eConozco and Neurona.

In addition to the liquid assets and based on the final purchase price allocations, goodwill of €9,280 thousand was stated on December 31, 2007 (previous year: €254 thousand). The goodwill mainly consists of the acquired companies eConozco and Neurona.

The self-developed software with a carrying amount of €2,934 thousand (previous year: €1,869 thousand) is the main item within assets. In 2007, XING AG continued to work on the development of the platform, created new functions, optimized existing functions and introduced new business models and product categories.

Receivables for services of €2,121 thousand (previous year: €1,533 thousand) consist mainly of receivables from member subscriptions from Premium Members. The increase in receivables develops proportionally to the growth in revenues. The impairments on receivables from member subscriptions amounted to €24 thousand in financial year 2007 (previous year: €20 thousand). Loss of receivables amounted to €144 thousand in 2007 (previous year: €0).

Financial position

Shareholders' equity and liabilities

Since being initially established, XING AG has financed its operations almost exclusively out of equity (in the form of cash capital increases) and the prepaid member subscriptions of the Premium Members, which are shown as deferred income.

Compared with the previous year, XING AG did not lease any new IT hardware and IT software in financial year 2007. As was the case in the previous year, there are no bank borrowings or other loans.

The equity ratio hardly changed last year and is reported as 77 percent compared with 79 percent in 2006. This means that XING AG continues to be in an excellent position to cope with future growth.

Cashflow from operating activities

In financial year 2007, cashflow from operating activities amounted to €8,863 thousand compared with €3,386 thousand in the short financial year 2006. In addition to the Group profit, the reference-date-related increase in provisions and trade receivables and trade payables, prepaid member subscriptions in particular (increase of €2,259 thousand in the deferred income) were the reason behind this inflow of operational funds. The ongoing positive change in net current assets was reported as €641 thousand as of December 31, 2007 compared with €4,444 thousand as of December 31, 2006.

Cashflow from investing operations

The main investments in the financial year 2007 were the acquisition of competitors in Spain (less acquired debt).

Compared with further investments in the short financial year 2006, mainly for self-developed software, the Company invested in financial year 2007 in goodwill for the acquisition of the Spanish companies eConozco and Neurona in the first and second quarters of 2007.

Spending for the acquisition of software and particularly for further developing the platform was reported as €3,125 thousand in financial year 2007 (previous year: €1,398 thousand). Spending for the acquisition of property, plant and equipment, mainly relating to IT hardware (e.g. servers), was reported as €1,857 thousand compared with €710 thousand in the previous year.

Investments in other financial assets related to the interest in Plazes AG amount to €100 thousand (previous period: €100 thousand).

Cashflow from financing operations

No inflows/outflows from financing operations occurred during financial year 2007. In the previous year, the cashflow from financing operations was attributable mainly to cash capital increases. After deducting the costs which were incurred, the Company received liquid proceeds of €36,833 thousand.

Overall statement on the economic position

The positive revenue development and successful achievement of the predictions for the financial year demonstrate that the scalability effects will now bear fruit. With an equity ratio of approximately 77 percent as of December 31, 2007, XING is largely financed through equity, meaning that even potentially negative developments can be confidently overcome.

Furthermore, the Company's IPO in December 2006 led to a considerable infusion of liquid capital, which - in combination with the positive cashflow from operations - has allowed XING AG to finance further growth using the available capital.

The Company cashflow margin (cashflow from operating activities / service revenues) of over 47 percent in the financial year 2007 demonstrates the intrinsic value of the Company and permits further growth-related investments.

Risk report

Overview

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 (Aktiengesetz; German Joint Stock Corporation Act) and develops it continuously within the context of up-to-date market and company developments. The functionality of the system, as was the case in the previous year, was again confirmed by the auditors of the consolidated financial statements.

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. Accordingly, the employees are familiarized with the risk management system in regular introduction events and by way of information material, and their attention is drawn to the significance of risk management.

Potential risks are continuously identified and analyzed. The risks which are identified are systematically evaluated on the basis of the probability of occurrence and the expected potential damage. A comprehensive risk inventory was carried out in 2007; existing risks were considered and where appropriate reassessed and new potential risks were identified.

Strategic risks

International expansion

XING AG wishes to continue to achieve international growth. As part of this expansion strategy, XING AG acquired two Spanish online contact networks in 2007. With regard to the acquisition of online contact networks by XING AG, there is generally the risk that the migration potential of the acquired platforms might prove to be significantly less than originally anticipated; in other words, fewer members can be integrated in XING than originally planned.

The migration of members of acquired contact networks is therefore supported and prepared by a team of employees with international experience. In particular, extensive measures for activating the members of the acquired networks are carried out.

Payment and receivables management

The efficient billing of fees and the entire receivables management process are of crucial importance for the Company. The corresponding internal and external processes are constantly analyzed and optimized. The legal form of the corresponding partnerships combats the risks which exist with regard to the integration of external service providers. 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.

Competitors might be able to offer services which are superior to the services which are offered by XING AG.

In addition to the competition posed by existing and future social networking companies, competition might also intensify with other Internet companies which have a more comprehensive user base. Moreover, some search engines offer services which are very similar to some of the main functions of XING AG. These include for instance Internet-based email services, address books and software cartographic illustrations which are offered in addition to enhanced search functions. Some providers of search engines have also acquired companies and platforms for social networking or are in the process of acquiring such companies and platforms.

Many search engines and Internet service providers have been operating for quite some time, have a better known name, a larger customer base and much more extensive financial, technical and marketing resources than XING AG. These competitors could strengthen their activities in the field of product development, carry out marketing campaigns with a wide range, adopt a more aggressive price policy and offer more attractive services to the employees, institutions or companies with which XING maintains business relations.

Risks of customer support

XING AG extended its business model in 2007 to include additional sources of income. This means that its reliance on member subscriptions has declined. 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.

Members expect that quality problems are prevented as a result of XING AG's own stringent demands with regard to the quality of the platform. As a result of the strong identification of many members with XING, XING AG usually receives

direct and rapid feedback with regard to certain processes on the platform and in the case of changes and innovations.

A special team of employees has therefore been set up to be responsible for constant quality assurance. This comprises in particular the recognition of incorrect profiles and tracing inappropriate or offensive comments on the platform.

The development of new functionalities and changes on the platform are usually accompanied by an exchange process between XING AG and its customers in order to ensure that the customers' needs can be recognized as widely as possible.

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.

The default risk with regard to receivables from the remaining areas of activity was reflected in 2007 with lump-sum allowance amounting to 1.5 percent of the outstanding receivables.

The liquidity risk is limited by the fact that XING AG 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. The Company's solvency is thus 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, maintenance and servicing of hardware and software, data and voice communication services, server housing, payment processing and text message delivery. With regard to certain key software, XING AG currently relies primarily on a single service provider. 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 refuse to extend them on commercially reasonable terms.

XING AG has entered into a long-term cooperation with some of its key suppliers, e.g. in the form of the equity interest in XING AG held by a software development company. 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.

Risks relating to XING AG's hardware and software

In order to perform services for its members, 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 AG 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.

Security of XING AG's network

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 on the XING AG platform could result in the destruction or alteration of stored personal data or the use of such data for malicious or non-consensual purposes, including identity theft, credit card or other fraud, targeted advertising and spam mails from companies unconnected to XING AG.

Advertisers and spam mailers may attempt to joint 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. XING AG 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.

IT security guideline

The IT security guideline is the central standard for all matters of security. If this is not available, or if the existing guideline is inadequate, there is a risk that there will be no uniform strategy and action in matters of security. In addition, XING AG runs the risk of losing the PCI certificate necessary for credit card transactions if an adequate security guideline cannot be presented on the occasion of the annual PCI audit

At XING AG, an interdisciplinary project team is responsible for creating and further developing the IT security guideline.

Process and organization risks

Organization development

XING AG aims to achieve constant growth. Further expansion of personnel and external services is expected in this process. XING AG is aware that rapid growth involves risk. Accordingly, XING AG continuously works on developing its organization and improving its internal processes.

Breaches of data protection and privacy law

Members provide the Company with extensive personal data, which is stored on XING AG's 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 breach of data protection and privacy law could have a material adverse effect on the Company's reputation and its ability to attract new members and retain existing members, and could even result in XING AG's temporary or permanent ability to offer or perform some or all of its services in certain 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. New functionalities of the XING platform are reviewed for possible implications in relation to data protection law before they are introduced and they are only released if it is certain that they comply with all applicable stipulations of data protection law.

No risks posing a danger to the continued existence of the Company as a going concern

Within an overall assessment of the Group risks, the market and sales risks as well as IT/Engineering risks are the most significant risks. Overall, the risks in the Group are of manageable proportions. The continued existence of the Company as a going concern is also assured in future.

Report of significant events after the closing date

After the end of the financial year 2007, XING AG attained an important milestone with the acquisition of the Turkish competitor EUDA Uluslararası Danismanlık ve Bilisim Hizmetleri Limited Sirketi (cember.net) on January 22, 2008. XING AG acquired around 280,000 members in a rapidly expanding and dynamic economy with increasing Internet penetration.

Forecast and opportunity report

Direction of XING AG in the course of the next two financial years

In the course of the next two years, all activities of XING AG will focus on consistent user orientation. Accordingly, the Company will continuously further develop the platform in order to further enhance the added value for its members. In addition, XING AG will prepare itself in the course of the next two financial years to meet future organizational challenges and in particular will set up the necessary resources to enable it to continue to benefit from the high rate of growth and the possibilities of further improving the business networking sector.

Anticipated macro-economic development

In the opinion of the Company, economic growth in the Euro zone will slow down somewhat in financial year 2008. In particular, problem factors such as the slow-down of the North American economy, pose difficulties for the Euro-Zone, which might retard export growth. The Company expects to see positive impetus from Asia. The risk factors which occurred in 2007, such as the strength of the Euro against the US Dollar and the sharply higher oil price will play an important role for the future development of the economy in the course of the next few years. The Company also expects that the subprime crisis affecting the North American mortgage market will continue to be a predominant subject. Accordingly, the Institut für Weltwirtschaft is predicting real GDP growth in the Euro-Zone of 2.2 percent for 2008 and 2.3 percent in 2009, compared with 2.9 percent last year. Despite the expected slow-down in the economy and the mortgage crisis in the United States, XING AG does not consider that it is exposed to any special economic fluctuations.

Expected sector development

The increasing level of Internet penetration and utilization in the target markets of XING AG will, in the opinion of the Company, have a positive impact on the further growth of XING AG. According to www.internetworldstats.com, the number of Internet households will expand worldwide to 1.6 billion. In Europe, the most important market of XING AG, PWC for instance (source: PWC Entertainment & Media Outlook 2007-2011) expects to see the number of Internet users expand from around 142.5 million to 194.9 million in 2011.

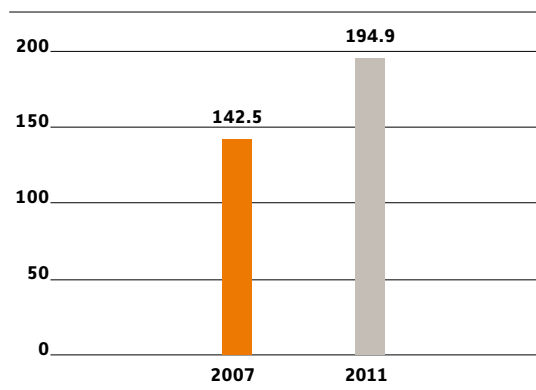
XING AG is assuming that the overall social networking sector will become more and more important and relevant in the course of the next few years, particularly for business persons. In future, users might operate considerably more than merely contact maintenance and contact management. In the opinion of the Company, social networking may develop into further new dimensions and might possibly become more attractive than the traditional search engines if users, apart from pure contact maintenance, can search for new jobs or useful information on relevant subjects even process special purchase offers in the eCommerce field via a social networking platform.

Probable development in the segments

In the period under review, XING AG has laid the foundation for further growth potential with the acquisitions of the Spanish market leaders, the partnership with ZoomInfo in the United States and in particular the establishment of new business models such as "Advertising" and "eCommerce".

In the "**Subscriptions**" segment, there will be opportunities to further step up the pace of future growth particularly in the Spanish-speaking world. In the opinion of the Company, the planned integration of the acquired Neurona platform may result in the Company attaining critical mass in the Spanish-speaking world and thus support viral growth in the third largest language region. Worldwide, XING AG will continue to follow its strategy of penetrating key population centers in order to expand its market leadership. National and international member growth and also the already high activity of users are to be further stimulated by means of targeted measures in online and traditional marketing. Experience has shown that active members take out Premium Membership more quickly than less active members. Accordingly, XING AG is assuming that it will further expand the number of paying members and that it will be able to further increase revenues in this segment.

Growth in the number of internet users in Europe¹



¹ Source: PWC Entertainment & Media Outlook 2007-2011

In the **"eCommerce"** segment, the Company established a further business model at the end of the financial year. With the launch of a performance-based billing system for job offers, XING AG is now also generating revenues from the sale of job offers on the XING platform. According to a survey carried out by Booz Allen Hamilton, the Internet is the primary source for recruiting new employees. The Company is assuming that this trend will become even more pronounced as online business networking becomes increasingly relevant. In addition, XING AG is of the opinion that globalization will continue to have an impact on the labor market and that job offers in future will also be placed internationally. The Company has identified additional growth potential in the course of the next few years in this field with its international positioning and member base. Further possibilities may also result in the course of the next few years due to additional cooperations with national and international partners in the "PremiumWorld" field.

The new **"Advertising"** segment was implemented in December 2007. The Company is assuming that advertising will become established on the XING platform in the course of the next few years and will become a further source of revenue for the Company. According to a current study of eMarketer in December 2007, advertising spending on social networking programs will rise from around € 844 million in 2007 to approximately € 2.85 billion in 2011. In Western Europe, spending is expected to increase approximately five-fold to around € 600 million in 2011.

Employees and investments

The Company will continue to expand its employee base in the course of the next few years and expects to see a roughly 50 percent increase in the number of employees next year.

XING AG constantly invests in sustainable growth. The pace of technological improvement in the sector is very high and demands continuous innovation. In the course of the next few years, the Company intends to increase its spending in this particular field compared with previous years.

Business opportunities

XING AG operates in a very dynamic and rapidly expanding sector. As a result of increasing Internet penetration and an increasing willingness to pay for high quality online content, there will be opportunities for the Company which may have a positive impact on member as well as earnings growth. In addition, the next few years might see new business opportunities which are essentially created by the constant innovation process of XING AG. If the market acceptance of the innovations exceeds internal expectations or if demand in certain markets is greater than originally anticipated, business and results might expand even more rapidly than originally anticipated.

Consolidated financial statements

for the financial year from
January 1 to December 31, 2007

| | | | |
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Consolidated income statement for the financial year from January 1 to December 31, 2007

| | Note | 01/01/2007 - 12/31/2007 in € thousand | 07/01/2006 - 12/31/2006 in € thousand |
|---|---------------|---|---|
| Revenues from services | 9 > | 19,047 | 5,903 |
| Other operating income | 10 > | 562 | 205 |
| Cost of materials | | (18) | 0 |
| Personnel expenses and freelance staff | 11 > | (4,884) | (2,429) |
| Marketing expenses | 12 > | (1,651) | (620) |
| Other operating expenses | 13 > | (6,162) | (3,744) |
| EBITDA | | 6,894 | (685) |
| Depreciation | 14 > | (2,179) | (385) |
| EBIT | | 4,715 | (1,070) |
| Financial income | 15 > | 1,393 | 116 |
| Financial expenses | 15 > | (49) | (15) |
| EBT | | 6,059 | (969) |
| Expenses attributable to taxes on income | 16 > | (447) | 0 |
| Result for period of continued operations | | 5,612 | (969) |
| Result for period of discontinued operations | | (1,123) | (597) |
| Total result for period | | 4,489 | (1,566) |
| Thereof: | | | |
| Shareholders of the parent company | | 4,606 | (1,566) |
| Minorities | | (117) | 0 |
| | | 4,489 | (1,566) |
| Earnings per share (undiluted) | 17 > | 0.89 | (0.39) |
| Earnings per share (diluted) | 17 > | 0.86 | (0.38) |
| Continued operations | | | |
| Earnings per share (undiluted) | 17 > | 1.10 | (0.24) |
| Earnings per share (diluted) | 17 > | 1.07 | (0.24) |

Consolidated balance sheet as of December 31, 2007

| ASSETS | Note | 12/31/2007 in € thousand | 12/31/2006 in € thousand |
|---|------|-----------------------------|-----------------------------|
| Non-current assets | | | |
| Intangible assets | | | |
| Other intangible assets | 18 > | 2,054 | 202 |
| Purchased software | 18 > | 307 | 297 |
| Self-developed software | 18 > | 2,934 | 1,869 |
| Goodwill | 18 > | 9,280 | 254 |
| Property, plant and equipment | | | |
| Technical equipment and machinery | 18 > | 0 | 12 |
| IT hardware and other business equipment | 18 > | 2,487 | 971 |
| Financial assets | | | |
| Equity participations | 18 > | 200 | 100 |
| Other financial assets | 18 > | 132 | 289 |
| Deferred tax assets | 18 > | 1,626 | 760 |
| | | 19,020 | 4,754 |
| Current assets | | | |
| Inventories | | | |
| Products | 19 > | 20 | 0 |
| Receivables and other assets | | | |
| Receivables attributable to services | 19 > | 2,121 | 1,533 |
| Tax refund assets | 19 > | 219 | 0 |
| Other assets | 19 > | 376 | 221 |
| Cash and cash equivalents and other current deposits | 19 > | 37,844 | 45,225 |
| | | 40,580 | 46,979 |
| | | 59,600 | 51,733 |

| LIABILITIES | Note | 12 / 31 / 2007 in € thousand | 12 / 31 / 2006 in € thousand |
|---------------------------------|-------------|---|---|
| Shareholders' equity | | | |
| Subscribed capital | 20 > | 5,202 | 5,202 |
| Capital reserves | 20 > | 38,517 | 38,517 |
| Other reserves | 20 > | 636 | 54 |
| Cumulative profit/loss | 20 > | 1,744 | (2,862) |
| | | 46,099 | 40,911 |
| Minorities | 20 > | (117) | 0 |
| | | 45,982 | 40,911 |
| Non-current liabilities | | | |
| Liabilities from finance leases | 21 > | 240 | 393 |
| Deferred tax liabilities | 21 > | 1,533 | 760 |
| Deferred income | 21 > | 540 | 500 |
| | | 2,313 | 1,653 |
| Current liabilities | | | |
| Liabilities from finance leases | 22 > | 160 | 157 |
| Trade accounts payable | 22 > | 2,320 | 3,980 |
| Deferred income | 22 > | 6,380 | 4,161 |
| Tax provisions | 22 > | 743 | 0 |
| Other liabilities | 22 > | 1,702 | 871 |
| | | 11,305 | 9,169 |
| | | 59,600 | 51,733 |

Consolidated statement of movements in shareholders' equity for the financial year as of December 31, 2007

| | Note | Shareholders' equity attributable to shareholders | | |
|--|------|---|-----------------------------------|---------------------------------|
| | | Subscribed capital in € thousand | Capital reserves in € thousand | Other reserves in € thousand |
| Balance 07/01/2006 | | 52 | 6,834 | 0 |
| Currency translation | 5 > | 0 | 0 | 9 |
| Total income and expense for the period recognised directly in the equity | | 0 | 0 | 9 |
| Net result | | 0 | 0 | 0 |
| Total result for period | | 0 | 0 | 9 |
| Capital increase out of company funds | 20 > | 3,800 | (3,800) | 0 |
| Cash capital increase | 20 > | 1,350 | 39,150 | 0 |
| Costs of procuring shareholders' equity | 20 > | 0 | (3,667) | 0 |
| Personnel expenses, stock option program | | 0 | 0 | 45 |
| As of 12/31/2006 | | 5,202 | 38,517 | 54 |
| Balance 12/31/2006 | | 5,202 | 38,517 | 54 |
| Currency translation | 5 > | 0 | 0 | (31) |
| Total income and expense for the period recognised directly in the equity | | 0 | 0 | (31) |
| Net result | | 0 | 0 | 0 |
| Total result for period | | 0 | 0 | (31) |
| Capital increase out of company funds | 20 > | 0 | 0 | 0 |
| Cash capital increase | 20 > | 0 | 0 | 0 |
| Costs of procuring shareholders' equity | 20 > | 0 | 0 | 0 |
| Personnel expenses, stock option program | 11 > | 0 | 0 | 613 |
| As of 12/31/2007 | | 5,202 | 38,517 | 636 |

| of the parent company | | | | |
|--|---------------------|--------------------------|--|---|
| Cumulative profit/(loss) in € thousand | Total in € thousand | Minorities in € thousand | | Shareholders' equity, total in € thousand |
| (1,297) | 5,589 | 1 | | 5,590 |
| 0 | 9 | 0 | | 9 |
| 0 | 9 | 0 | | 9 |
| (1,565) | (1,565) | (1) | | (1,566) |
| (1,565) | (1,556) | (1) | | (1,557) |
| 0 | 0 | 0 | | 0 |
| 0 | 40,500 | 0 | | 40,500 |
| 0 | (3,667) | 0 | | (3,667) |
| 0 | 45 | 0 | | 45 |
| (2,862) | 40,911 | 0 | | 40,911 |
| (2,862) | 40,911 | 0 | | 40,911 |
| 0 | (31) | 0 | | (31) |
| 0 | (31) | 0 | | (31) |
| 4,606 | 4,606 | (117) | | 4,489 |
| 4,606 | 4,575 | (117) | | 4,458 |
| 0 | 0 | 0 | | 0 |
| 0 | 0 | 0 | | 0 |
| 0 | 0 | 0 | | 0 |
| 0 | 613 | 0 | | 613 |
| 1,744 | 46,099 | (117) | | 45,982 |

Consolidated cashflow statement for the financial year from January 1 to December 31, 2007

| | Note | 01/01/2007 - 12/31/2007 in € thousand | 07/01/2006 - 12/31/2006 in € thousand |
|--|------|---|---|
| Earnings before taxes from continued operations | | 6,059 | (969) |
| Earnings before taxes from discontinued operations | 7 > | (1,123) | (597) |
| Earnings before taxes | | 4,936 | (1,566) |
| Depreciation | 14 > | 806 | 181 |
| Depreciation on capitalized development costs | 14 > | 1,374 | 204 |
| Depreciation attributable to discontinued operations | 7 > | 464 | 46 |
| Personnel expenses, stock option program | 11 > | 613 | 45 |
| Interest income from continued operations | 15 > | (1,393) | (116) |
| Interest received | | 1,359 | 116 |
| Interest expenses from continued operations | 15 > | 49 | 15 |
| Interest income from discontinued operations | 7 > | (12) | 0 |
| Interest expenses from discontinued operations | 7 > | 26 | 17 |
| Change in net current assets | | | |
| Change in receivables and other assets | | (984) | (752) |
| Change in liabilities and other liabilities | | (634) | 3,585 |
| Change in deferred income | | 2,259 | 1,611 |
| Cashflow from operating activities | | 8,863 | 3,386 |
| Acquisition of intangible assets | 18 > | (3,125) | (1,398) |
| Acquisition of property, plant and equipment | 18 > | (1,857) | (710) |
| Acquisition of consolidated companies (less acquired debt) | 8 > | (10,954) | 0 |
| Investments in other financial assets | 18 > | (106) | (171) |
| Cashflow from investing activities | | (16,042) | (2,279) |
| Capital increases | | 0 | 36,833 |
| Repayment of liabilities from finance leases | | (151) | 526 |
| Interest paid | | (51) | (32) |
| Cashflow from financing activities | | (202) | 37,327 |
| Change in cash and cash equivalents | | (7,381) | 38,434 |
| Cash and cash equivalents at the beginning of the period | | 45,225 | 6,791 |
| Cash and cash equivalents at the end of the period | 19 > | 37,844 | 45,225 |

Notes to the IFRS consolidated financial statements for the financial year from January 1 to December 31, 2007

(A) Principles and methods

1 > Information concerning the Company

The Company was founded in Hamburg, Germany, with the company agreement of 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" or the "Company") and was entered in the commercial register on August 26, 2003.

On July 19, 2006, the shareholders' 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 in the commercial register on October 16, 2006.

The IPO of the Company took place on December 7, 2006, when 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 name was changed from "OPEN Business Club AG" to "XING AG".

Measured in terms of the total worldwide number of individual visitors, XING operates one of the leading professional networking websites. The international, multi-lingual, 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 also exchanging opinions and information. XING generates its revenues with membership subscriptions and currently operates the platform without any paid advertising.

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

2 > Basis of preparing the financial statements

The consolidated financial statements of XING AG and its subsidiaries for the financial year ending December 31, 2007 were completed in accordance with the International Financial Reporting Standards (IFRS) as they apply to Europe and amended as per Article 315a paragraph 1 of the applicable commercial statutes in the German Commercial Code (HGB). The Group has applied all IFRS which are the subject of mandatory adoption as of the balance sheet date to the extent that these standards had been adopted by the EU at the point at which the consolidated financial statements were approved by Management. The IFRS comprise 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, which means 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 previous year figures relate to the short financial year from July 1, 2006 to December 31, 2006. Pursuant to the resolution of the shareholders' meeting of November 3, 2006, the financial year of the Company was converted to the calendar year. The reporting year therefore comprises the period January 1, 2007 to December 31, 2007. The figures for the reporting year are accordingly only comparable with the previous year figures to a limited extent.

The reported figures take account of the continued and discontinued operations.

The consolidated income statement for the financial year ending December 31, 2007 is presented before the consolidated balance sheet as of December 31, 2007. Accordingly, the notes to the consolidated income statement within the notes to the consolidated financial statements for the period ending December 31, 2007 are presented before the notes to the consolidated balance sheet.

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

The consolidated financial statements is prepared in accordance with the cost of purchase principle, with the exception of the available-for-sale financial instruments, which have been measured at fair value.

The consolidated financial statements and Group management report of XING AG were approved for publication by the Executive Board on March 10, 2008 and presented for approval to the Supervisory Board of the Company on March 25, 2008.

The accounting and valuation principles as well as the comments and disclosures in the IFRS consolidated financial statements for the financial year ending December 31, 2007 are based on the same valuation and accounting methods which were used for preparing the annual financial statements for the short financial year ending December 31, 2006.

The accounting principles are based on the IFRS published and adopted by the EU at the point at which the consolidated financial statements were approved by Management.

In the financial year, the Group adopted IFRS 7 - Financial Instruments: disclosures as a new standard. This standard requires disclosures which enable the reader of the financial statements to assess the importance of the financial instruments for the financial position and the profitability of the Group as well as the nature and extent of the risks resulting from these financial instruments. The effects of the results and new disclosures are felt throughout the entire financial statements. The adoption of IFRS 7 has not had any impact on the net assets, financial position and results of operations of the Group. The corresponding comparison information has been adjusted.

IFRS 8 was published in November 2006 and is applicable for the first time for financial years which commence on or after January 1, 2009. IFRS 8 requires the disclosure of information concerning the segments of an entity and replaces the obligation to determine primary (business segments) and secondary (geographical segments) segment reporting formats for an entity. IFRS follows the so-called management approach according to which segment reporting is based only on financial information which are used by the decision-makers of the Company for internal management of the Company. The crucial factors are the internal reporting and organization structure as well as the financial parameters which are used for taking decisions with regard to the allocation of resources and the measurement of profitability. IFRS 8 is the subject of early adoption at the Group. The new standard has an influence on the way in which financial information is published with regard to the business units of the Group; however, it does not have any impact on the recognition and measurement of assets and liabilities in the consolidated financial statements. The temporary provisions foresee the retrospective application of the revised statutes.

The IASB and IFRIC have published the following standards and interpretations which were implemented in EU law within the framework of the comitology process but which were not yet the subject of mandatory adoption in financial year 2007. These standards and interpretations are not the subject of early adoption at the Group.

Incorporation into legal framework of the EU according to the comitology procedures:

IFRIC 11 IFRS 2 Group and Treasury Share Transactions

The IFRIC interpretation 11 was published for the first time in November 2006 and is the subject of first-time adoption for financial years which commence on or after March 1, 2007. In accordance with this interpretation, agreements under which employees have been granted rights to capital instruments of a company also have to be recognized as share-based payment transactions with settlement in the form of capital instruments even if the Company acquires the instruments from a third party or the shareholders provide the required capital instruments. The temporary provisions foresee the retrospective application of the revised statutes.

No significant impact for the Group accounts is expected according to this implementation.

Not incorporated into legal framework of the EU according to the comitology procedures:

Change of IFRS 2 Share-Based Payment

The changes to IFRS 2 were published in January 2008, which is the subject of first time adoption for financial years commencing on or after January 1, 2009. The change relates to the clarification that the concept of exercise conditions exclusively comprises the service and performance terms. The regulations regarding recognition of a premature termination of share-based payment plans have been extended to cover instances in which such plans are terminated by the employees. The transitional stipulations include a provision for retrospective application of the new ruling.

Due to the limited extent of share based compensations within the Group, no significant impact for the Group accounts is expected according to this implementation.

IFRS 3 Business Combinations

The revised standard IFRS 3 was published in January 2008 and is the subject of first-time adoption for financial years commencing 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 (so-called purchased-goodwill method) and the so-called full-goodwill method according to which the whole of the goodwill of the acquired company which is also attributable to the minority shareholders 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. The provisional stipulations envisage prospective application of the new rule. There are no changes with regard to assets and liabilities which result from business combinations before the first-time adoption of the new standard.

The application of the full-goodwill method as well as the recognition of successive company acquisitions and the mandatory recognition of a contingent consideration at the time of the acquisition will tend to result in higher goodwill.

IAS 1 Presentation of Financial Statements

The revised Standard IAS 1 was published in September 2007 and is the subject of initial adoption for financial years commencing on or after January 1, 2009. The new version of the standard contains major changes regarding the presentation and statement of financial information in the financial statements. The changes in particular comprise the introduction of an overall statement which comprises the result generated in a particular period as well as the as yet unrealized profits and losses which have previously been shown within equity and which replaces the income statement in its previous form. In addition to the balance sheet as of the balance sheet date and the balance sheet as of the previous reference date, it is also necessary to prepare a balance sheet as of the beginning of the comparison period if the Company retrospectively applies accounting policies, corrects an error or reclassifies an item in the financial statements.

The new standard will have an impact on the way in which financial information of the Group is published; however, it will not affect the recognition and measurement of assets and liabilities in the consolidated financial statements.

IAS 23 Borrowing Costs

The revised standard IAS 23 was published in March 2007 and is the subject of first-time adoption for financial years commencing on or after January 1, 2009. The standard requires capitalization of borrowing costs which can be attributed to a qualified asset. A qualified asset is defined as an asset for which a considerable period is necessary in order to put the asset into its intended condition for use or sale. The standard specifies prospective application of the new ruling.

Because the Group does not have any significant borrowing costs, it is not expected that this interpretation will have any impact on the consolidated financial statements.

IAS 27 Consolidated and Separate Financial Statements under IFRS

The revised standard IAS 27 was published in January 2008. The changes which have been made are applicable for the first time for financial years commencing on or after July 1, 2009. The changes have resulted from the common project of IASB and FASB regarding the revision of accounting principles applicable for business combinations. The changes primarily relate to the recognition of shares without a controlling nature (minority shares) which in future will participate fully in the losses of the Group, as well as the recognition of transactions which result in a loss of control at a subsidiary and the effects of which have 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 stipulations, which require retrospective application of changes which have been made, specify prospective application for the issues listed above. There are thus no changes applicable for assets and liabilities resulting from such transactions before the time of first-time adoption of the new standard.

Because the above transactions and a negative minority amount are not expected in the year of first-time adoption in the Group, the application of this standard will not have any impact on the consolidated financial statements.

Change to IAS 32 Financial Instruments: Presentation and IAS 1: Presentation of Financial Statements

The change to IAS 32 and IAS 1 was published in February 2008 and is the subject of first time adoption for financial years commencing on or after January 1, 2009. The change relates to the classification as equity or debt of shareholder contributions which can be terminated. Under the previous rules, companies were compelled in certain cases to show the Company's capital as financial liabilities as a result of the statutory termination rights of the shareholders. In future, these shareholder contributions are generally to be classified as equity if a settlement at fair value is agreed and if the contributions which are provided by the shareholders constitute the most subordinate claim in relation to the net assets of the Company. The temporary provisions foresee the retrospective application of the revised statutes.

As a result of the legal form of the parent company and the relevant statutory regulations and regulations of company law, the new ruling in the future will not have any impact on the classification, measurement and statement of shareholder contributions in the consolidated financial statements.

IFRIC 12 Service Concession Agreements

The IFRIC Interpretation 12 was published in November 2006 and is the subject of first-time adoption for financial years commencing on or after January 1, 2008. The interpretation governs the accounting treatment of obligations taken on within the framework of service concessions and rights included in the financial statements of the concession taker. The temporary provisions foresee the retrospective application of the revised statutes.

The companies included in the consolidated financial statements are not concession takers for the purposes of IFRIC 12. This interpretation will therefore have no impact on the Group.

IFRIC 13 Customer Bonus Programs

The IFRIC Interpretation 13 was published in June 2007 and is the subject of first time adoption for financial years commencing on or after July 1, 2008. In accordance with this interpretation, bonuses granted to customers have to be recognized as revenues which are separate from the transaction under which they have been 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. The temporary provisions foresee the retrospective application of the revised statutes.

Because the Group currently has not set up any customer bonus programs, it is not expected that this interpretation will have any impact on the consolidated financial statements.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The IFRIC interpretation 14 was published in July 2007 and is the subject of first-time adoption for years commencing on or after January 1, 2008. This interpretation provides guidelines for determining the maximum surplus from a defined-benefit plan which is permitted to be capitalized as an asset in accordance with IAS 19 – Employees Benefits. The temporary provisions foresee the retrospective application of the revised statutes.

Because the Group has not issued any defined-benefit pension plans, it is not expected that this interpretation will have any impact on the consolidated financial statements.

The above standards and interpretations are adopted by the Group after the point at which they become the subject of mandatory adoption.

3 > Group of consolidated companies and business combinations

The subsidiaries which are controlled by XING are included in the consolidated financial statements. Control is assumed if XING directly or indirectly owns more than half of the voting rights of the subsidiary, unless it can clearly be 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 any control.

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

| | 12 / 31 / 2007 | 12 / 31 / 2006 | Initial consolidation | Shareholders' equity as of 12 / 31 / 2007 in € thousand | Result 2007 in € thousand |
|---|----------------|----------------|-----------------------|---|---------------------------|
| | in % | in % | | | |
| openBC China Ltd., China | 55 | 55 | 2006 | 1 | (254) |
| openBC Network Technology (Beijing) Co., Ltd., China ¹⁾ | 100 | 100 | 2006 | 283 | (5) |
| Grupo Galenicom Tecnologías de la Información, S.L. (eConozco), Spain | 100 | 0 | 2007 | 2 | (27) |
| XING International Holding GmbH, Germany | 100 | 0 | 2007 | 25 | (15) |
| Neurona Networking, S.L. (Neurona), Spain ²⁾ | 100 | 0 | 2007 | 67 | (519) |

¹⁾ 100 percent are held indirectly via shares of 55 percent in openBC China Ltd. China.

²⁾ 100 percent are held indirectly via shares of 100 percent in XING International Holding GmbH, Germany.

As of September 30, 2007, XING sold and deconsolidated all shares in First Tuesday AG, Zurich. These activities are explained correspondingly as discontinued operations in the consolidated financial statements (cf. item 7).

XING holds 55 percent of the shares in openBC China Ltd. These shares were initially consolidated as of June 30, 2006.

openBC Network Technology (Beijing) Co., Ltd., which was initially included in the consolidated financial statements with effect from September 30, 2006, was initially founded on June 20, 2006 and commenced operations in September 2006. Because openBC Network Technology (Beijing) Co., Ltd. was founded by openBC China Ltd. exclusively with cash, it was not necessary to split the purchase price over the fair values of the acquired assets and liabilities. openBC Network Technology (Beijing) Co., Ltd. was established in order to promote the growth of XING in the Asian market. The business purpose of openBC Network Technology (Beijing) Co., Ltd. corresponds to the business purpose of XING.

The Group acquired 100 percent of the voting rights in Grupo Galenicom Tecnologías de la Información, S.L. (eConozco) in March 2007. eConozco, the second largest Spanish contact network, offers professional networking of the Spanish-speaking community world-wide and focused on the user group "Business Professionals" right from the very beginning. It was initially consolidated as of March 31, 2007 (cf. item 8).

XING International Holding GmbH, founded in financial year 2007, is a subsidiary fully owned by XING AG, with statutory seat in Hamburg. Acquisition costs amounted to €25 thousand. At the time the subsidiary was founded, there was no difference between the book and market values. It provides a shell for the subsidiary Neurona and also for all future acquisitions and facilitates the process of integrating such companies in the Group.

In June 2007 XING International Holding GmbH completed the acquisition of 100 percent of the voting rights of Neurona Networking, S.L. (Neurona), a subsidiary of Grupo Intercom de Capital, SCR, S.A. Neurona is the leading provider of networking facilities for business persons in Spain and Latin America and, via the free virtual community, promotes networking between business persons and academics in the fields of marketing and sales. It was initially consolidated as of June 30, 2007 (cf. item 8).

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 with the date on which they were acquired. The date on which XING acquired control is deemed to be the date of acquisition.

4 › Major discretionary decisions and estimates

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

On an annual basis, the Group determines whether the value of goodwill is impaired or not. This 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 also uses an appropriate discount rate in order to calculate the present value of these cashflows. The carrying amount of goodwill as of December 31, 2007 was €9,280 thousand (previous year: €254 thousand).

Discretionary decisions are necessary in connection with the capitalization of development costs. The Company has carried out these estimates on the basis of the information which was available at the point at which these financial statements were published. The carrying amount of the capitalized development costs as of December 31, 2007 was €2,934 thousand (previous year: €1,869 thousand).

5 › Foreign currency translation

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 translated into the functional currency using the exchange rate applicable on the balance sheet date. Any translation 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 translated using the exchange rate applicable at the time of the transaction. Non-monetary positions shown at fair value in a foreign currency are translated using the exchange rate at the time at which the fair value was determined.

The functional currency of openBC China Ltd. is the Hong Kong Dollar (HKD) and the functional currency of openBC Network Technology (Beijing) Co., Ltd. is the Chinese Renminbi Yuan (CNY). 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 translated using the weighted average exchange rates of the year. The exchange rate differences in the balance has no effect on revenues, and are listed as a separate component of the Company's equity.

6 › Summary of major accounting policies

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 so that it can be used for internal consumption or sold is technically feasible, that the Group has the intention to carry out the project and that it is able to make internal use of the asset or sell the asset, that the asset will generate future economic benefit and that resources are available for completing the asset and the ability exists to reliably measure the spending. After the initial recognition of the 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 expected service life of six years using the straight-line method. The fair value of the 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 the impairment for an intangible asset with a limited service life and also the method used for impairing an intangible asset with a limited service life are subject to an impairment test at least at the end of each financial year. 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 balances acquisitions by means of the purchase method, which in the event of a positive difference requires goodwill be calculated. The goodwill acquired as part of a business combination is initially shown at cost of purchase; it comprises the additional costs of the business combination compared with the interest 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 if there are no indications of a potential impairment.

If there are any such indications, an immediate impairment test has to be carried out. For the purposes of performing the impairment test, the 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 relates. 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 years (IT equipment) and 13 years (office equipment) less cumulative impairments. The residual carrying amounts, service lives and depreciation and impairment methods are revised and adjusted as necessary at the end of the financial year.

Inventories are shown at the lower of cost and net disposal value. The net disposal value is the estimated sales proceeds that can be generated in the course of normal business less the estimated costs up to completion and the estimated costs to sell.

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 then shown at amortized costs of purchase. Impairments relating to financial instruments are recognized in the income statement - in the case of available-for-sale financial instruments if an impairment of the asset is objectively necessary. The Group 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 cashflows generated by the asset expire, ii) the Group retains the right to generate cashflows from the asset but has taken on an obligation to completely and immediately pay the cashflows to a third party within the framework of an agreement for forwarding such cashflow, or iii) the Group has transferred the right to generate cashflows 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 not been transferred or retained although 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 on the basis of the 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 relation to deferred tax assets and deferred tax liabilities have to be recognized in the income statement in the period during which the change becomes effective. The tax rate of 31.1 percent (previous year: 40.4 percent) consists of the corporation tax plus solidarity surcharge as well as the average applicable trade tax rate.

Deferred tax assets have to 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 if these differences are of a temporary nature and are allowable for tax purposes.

Deferred tax liabilities have to be created if assets are shown at a value which is higher than the tax base or liabilities are shown at a value which is lower than the tax base to the extent that these differences are of a temporary nature and are 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 they are likely.

Some employees and senior executives of the Group receive stock-based payment in the form of equity instruments (stock options). The costs which are incurred as a result of transactions with such equity instruments are shown with the fair value of the equity instruments which are granted applicable at the time at which they are granted. The fair value is determined by external experts using recognized 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 possibility). The cumulative costs at every 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 the 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.

Finance leases as a result of which all risks and the entire benefits from ownership in the leased asset are essentially transferred 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.

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 31, 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 pro rata duration of the corresponding membership as of the balance sheet date. All advance payments for periods after the key date are listed on the financial statement as revenue amortization. These revenues will be calculated in the following reporting periods.

Event revenues are recognized on the basis of percentage of completion of the event on the balance sheet date if the result of the service activity can be reliably estimated. The result of the activity can be reliably estimated if the extent of the revenues can be reliably determined and if it is sufficiently likely that the economic benefit from the activity will accrue to the Company.

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

7 > Disclosures concerning discontinued operations

Disposal in shares in First Tuesday AG, Zurich, Switzerland

On September 30, 2007, XING AG sold all shares in its wholly-owned subsidiary First Tuesday AG for a price of CHF 1.00. In addition, XING AG acquired assets of €32 thousand and liabilities of €185 thousand of First Tuesday AG within the framework of the sale. The main reason for the disposal of the shares was to improve the cost structure of the Group.

The disposal of the shares became effective at the point at which the contract was concluded. First Tuesday AG retired from the group of consolidated companies at that time. The goodwill of €236 thousand resulting from the acquisition of First Tuesday AG had to be derecognized in the income statement. Cash and cash equivalents amounted to €1 thousand.

Overall, the following group loss was incurred as a result of the sale of the shares:

| | 12 / 31 / 2007 in € thousand |
|---------------------------|--|
| Proceeds | 0 |
| Derecognition of goodwill | (236) |
| Loss from the sale | (236) |

Due to the assumption of the assets and debts of First Tuesday AG, with the exception of the goodwill, no other losses were recorded in connection with the discontinued business segment.

Result from the discontinued operations

The following sets out the earnings components which are attributable to the discontinued operations and which are recognized in the income statement for the period between January 1 and December 31, 2007 (disposal on September 30, 2007). The comparison figures relate to the short financial year from January 1, to December 31, 2006.

| | 01 / 01 / 2007 - 12 / 31 / 2007 in € thousand | 07 / 01 / 2006 - 12 / 31 / 2006 in € thousand |
|---|---|---|
| Revenues | 22 | 269 |
| Other operating income | 197 | 0 |
| Overall performance | 219 | 269 |
| Personnel expenses and freelance staff | (445) | (376) |
| Marketing costs | (66) | 0 |
| Other operating expenses | (353) | (427) |
| EBITDA | (645) | (534) |
| Depreciation | (464) | (46) |
| EBIT | (1,109) | (580) |
| Interest income and interest expenses (net) | (14) | (17) |
| EBT / result for the period | (1,123) | (597) |

Cashflows attributable to the discontinued operations

The following sets out the cashflows which were attributable to the discontinued operations and which were recognized in the cashflow statement for the period between January 1 and December 31, 2007 (disposal on September 30, 2007). The comparison figures relate to the short financial year from July 1 to December 31, 2006.

| | 12 / 31 / 2007 in € thousand | 12 / 31 / 2006 in € thousand |
|------------------------------------|---------------------------------|---------------------------------|
| Cashflow from operating activities | (895) | (667) |
| Cashflow from investing activities | (460) | (53) |
| Cashflow from financing activities | 0 | 0 |
| Net cashflows, total | (1,355) | (720) |

8 › Company acquisition

eConozco

The purchase price allocation of eConozco, our first acquisition in the first quarter of 2007, is shown in the following overview:

| Initial consolidation as of March 2007 | in € thousand |
|---|----------------------|
| Purchase price | 1,200 |
| Ancillary purchase costs | 200 |
| Total | 1,400 |
| Value of customer relations | (268) |
| Tax amortization benefit | (115) |
| Deferred tax liabilities | 155 |
| Goodwill | 1,172 |

| Goodwill as of 12/31/2007 | in € thousand |
|---|----------------------|
| Initial consolidation | 1,172 |
| Subsequent costs | 20 |
| Carrying amount as of 12/31/2007 | 1,192 |

| | |
|---|------------|
| Intangible assets (customer relations) | 383 |
| Depreciation | 12 |
| Carrying amount as of 12/31/2007 | 371 |

Assets amounting to € 4 thousand and debts amounting to €1 thousand were assumed by XING AG in the course of acquiring eConozco.

The customer relations are depreciated from the point at which the customers migrated from the eConozco platform to the XING platform.

Neurona

The purchase price allocation of Neurona, which was acquired in the second quarter of 2007 and which was included on a temporary basis in the interim six-month report and the last quarterly report, is now complete. The purchase price amounted to €9,554 thousand.

The following overviews set out the purchase price allocation:

| Initial consolidation as of June 2007 | in € thousand |
|--|---------------|
| Goodwill | 8,070 |
| Intangible assets (customer relations) | 1,444 |
| Intangible assets (contract relations) | 60 |
| Shareholders' equity Neurona | 67 |
| Deferred tax liabilities | (451) |
| Total | 9,190 |

| Carrying amount as of 12/31/2007 | in € thousand |
|---|---------------|
| Initial consolidation | 9,190 |
| Intangible assets (customer relations) | (40) |
| Deferred tax liabilities | 12 |
| Carrying amount as of 12/31/2007 | 9,162 |

Assets amounting to €410 thousand and debts amounting to €343 thousand were assumed by XING AG in the course of acquiring Neurona.

The customer relations are depreciated from the point at which the customers migrated from the Neurona platform to the XING platform. In view of materiality considerations, no information has been disclosed with regard to the revenues and results of the newly acquired subsidiaries on the assumption that they had formed part of the group of consolidated companies at the beginning of the financial year.

(B) Notes to the income statement

9 > Revenues

The revenues mainly comprise member subscriptions of the Premium Members as well as advertising. The revenues attributable to services can be broken down as follows as of December 31, 2007:

| | 01/01/2007 - 12/31/2007 in € thousand | 07/01/2006 - 12/31/2006 in € thousand |
|--|---|---|
| Premium Memberships (incl. Premium groups) | 17,838 | 5,903 |
| Advertising | 750 | 0 |
| Marketplace | 374 | 0 |
| PremiumWorld | 22 | 0 |
| Other | 63 | 0 |
| Total | 19,047 | 5,903 |

10 › Other operating income

The following table shows the main items of other operating income:

| | 01/01/2007 - 12/31/2007 in € thousand | 07/01/2006 - 12/31/2006 in € thousand |
|--|---|---|
| Income from the reversal of provisions | 347 | 140 |
| Income attributable to other periods | 67 | 16 |
| Income from currency translation | 18 | 12 |
| Other | 130 | 37 |
| Total | 562 | 205 |

The income attributable to other periods mainly relates to turnover tax.

11 › Personnel expenses and freelance staff

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

| | 01/01/2007 - 12/31/2007 in € thousand | 07/01/2006 - 12/31/2006 in Tsd. € |
|---|---|---|
| Wages, salaries and other types of compensation | 3,199 | 1,200 |
| Personnel expenses, stock option program | 613 | 45 |
| Contributions to social insurance (employer's contribution) | 517 | 267 |
| Freelance staff | 435 | 554 |
| Pension costs (defined-contribution benefit plan) | 79 | 17 |
| Training | 41 | 0 |
| Special compensation, IPO | 0 | 344 |
| Other | 0 | 2 |
| Total | 4,884 | 2,429 |

The social insurance contributions include payments of € 269 thousand into the statutory pension insurance scheme (previous year: €111 thousand).

12 › Marketing expenses

The marketing expenses are broken down as follows:

| | 01/01/2007 - 12/31/2007 in € thousand | 07/01/2006 - 12/31/2006 in € thousand |
|------------------|---|---|
| Marketing costs | 1,532 | 278 |
| Events | 87 | 6 |
| Sales commission | 24 | 0 |
| Other | 8 | 336 |
| Total | 1,651 | 620 |

13 › Other operating expenses

The following table sets out the main items of other operating expenses:

| | 01/01/2007 - 12/31/2007 in € thousand | 07/01/2006 - 12/31/2006 in € thousand |
|---|---|---|
| IT services, management services and services for new markets | 1,557 | 772 |
| Server hosting, management and traffic | 1,060 | 232 |
| Legal advice, audit and accounting fees | 1,027 | 776 |
| Payment costs | 729 | 247 |
| Travel, entertainment and other business expenses | 330 | 190 |
| Other | 1,459 | 1,527 |
| Total | 6,162 | 3,744 |

14 › Depreciation

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

| | 01/01/2007 - 12/31/2007 in € thousand | 07/01/2006 - 12/31/2006 in € thousand |
|---|---|---|
| Depreciation on intangible assets | | |
| Purchased software | 138 | 57 |
| Self-developed software | 1,374 | 204 |
| Other intangible assets | 159 | 0 |
| Depreciation on property, plant and equipment | 459 | 78 |
| Depreciation on finance leases | 49 | 46 |
| Total | 2,179 | 385 |

15 › Financial income and financial expenses (net)

Net financial income comprises the following:

| | 01/01/2007 - 12/31/2007 in € thousand | 07/01/2006 - 12/31/2006 in € thousand |
|-------------------|---|---|
| Financial income | 1,393 | 116 |
| Financial expense | (49) | (15) |
| Total | 1,344 | 101 |

16 > Taxes on income

The result of taxes on income is broken down as follows:

| | 01/01/2007 - 12/31/2007 in € thousand | 07/01/2006 - 12/31/2006 in € thousand |
|--|---|---|
| Corporation tax (incl. solidarity surcharge) | 393 | 0 |
| Trade tax | 350 | 0 |
| Additional tax payments for previous years | 37 | 0 |
| Deferred tax (income) | (333) | 0 |
| Total | 447 | 0 |

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

| | 01/01/2007 - 12/31/2007 in € thousand | 07/01/2006 - 12/31/2006 in € thousand |
|--|---|---|
| Capitalization of tax losses carried forward | (513) | (361) |
| Recognition of self-developed software | 193 | 374 |
| Other | (13) | (13) |
| Total | (333) | 0 |

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

| | 01/01/2007 - 12/31/2007 in € thousand | 07/01/2006 - 12/31/2006 in € thousand |
|--|---|---|
| Earnings before taxes (EBT) | 4,936 | (1,407) |
| Expected tax result | (1,993) | 568 |
| Tax effects attributable to | | |
| Additional tax payments for previous years | (37) | 0 |
| Capitalization of tax losses carried forward from previous years | 1,608 | 0 |
| Deferred taxes not shown in relation to losses carried forward | (134) | (518) |
| Adjustment of the tax rate in Germany | 238 | 0 |
| Different foreign tax rates | (32) | (48) |
| Expenses not allowable for tax purposes | (97) | (2) |
| Actual tax result | (447) | 0 |

The theoretical tax rate is determined as follows:

| | 12 / 31 / 2007 in % | 12 / 31 / 2006 in % |
|--|------------------------|------------------------|
| Corporation tax incl. solidarity surcharge / effective | 21.35 | 21.35 |
| Trade tax rate | 19.03 | 19.03 |
| Average tax rate | 40.38 | 40.38 |

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

| | 12 / 31 / 2007 in € thousand | 12 / 31 / 2006 in € thousand |
|--|---------------------------------|---------------------------------|
| Tax losses carried forward | 1,638 | 361 |
| Recognition of self-developed software | (947) | (374) |
| Intangible assets (customer relations) | (588) | 0 |
| Other | (10) | 13 |
| Total | 93 | 0 |

Deferred tax assets (€1,626 thousand; previous year: €760 thousand) and deferred tax liabilities (€1,533 thousand; previous year: €760 thousand) are not netted with each other.

As of December 31, 2007, there were tax losses carried forward of around €5.3 million in Germany and around €1.5 million in Spain (previous year: Germany approx. €6.6 million and Switzerland approx. €0.5 million). In Germany, the loss carry-forwards can be used for netting against future tax profits of XING AG without any restriction. However, in view of the uncertainty existing at present with regard to the tax situation, it appears at present that it will probably not be possible for tax losses carried forward of around €1.6 million to be utilized in Germany. In Spain, loss carry-forwards can be carried forward and utilized for 15 years.

17 > Earnings per share

Number of shares in circulation

Earnings per share define what part of the earnings generated in a particular period is attributable to one 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 so-called potential shares (as in the case of XING AG, in relation to the stock options which have been issued).

Before it was converted into an Aktiengesellschaft (joint stock corporation), which became effective when entered in the commercial register on October 16, 2006, the Company did not have a defined number of shares. For this reason, earnings per share are calculated on the assumption that €1.00 share capital is equivalent to one share. For calculating the value, the number of shares was adjusted by a multiple of 74 in accordance with IAS 33 in order to ensure that the figures are comparable for the periods before the capital increase out of company funds on November 10, 2006 when 73 additional shares were issued for each share.

The average weighted number of shares in circulation for the short financial year ending December 31, 2006 is shown in the following overview:

| | Number of shares | Number of days | Weighted number of shares |
|--|------------------|----------------|---------------------------|
| 07/01 - 10/15/2006 (ordinary capital GmbH) | 3,851,700 | 107 | 2,252,087 |
| 10/16 - 12/04/2006 (share capital AG) | 3,851,700 | 49 | 1,031,330 |
| 12/05 - 12/31/2006 (share capital AG) | 5,201,700 | 27 | 767,464 |
| | | 183 | 4,050,881 |

In financial year 2007, the number of shares in circulation was constant at 5,201,700.

Undiluted earnings per share

Undiluted earnings per share in relation to the continued operations are accordingly as follows:

| | | 12/31/2007 | 12/31/2006 |
|---|---------------|------------|------------|
| Earnings attributable to continued operations | in € thousand | 5,729 | (969) |
| Average number of shares | | 5,201,700 | 4,050,881 |
| Undiluted earnings per share | in € | 1.10 | (0.24) |

Including discontinued operations, undiluted earnings per share are shown in the following table:

| | | 12/31/2007 | 12/31/2006 |
|------------------------------|---------------|------------|------------|
| Consolidated result | in € thousand | 4,606 | (1,566) |
| Average number of shares | | 5,201,700 | 4,050,881 |
| Undiluted earnings per share | in € | 0.89 | (0.39) |

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. A further 51,178 stock options were issued in September 2007. Each stock option entitles the holder to take up one share.

Taking account of the possible dilution effects, the average weighted number of shares in circulation for the short financial year ending December 31, 2006 is as follows:

| | Number of shares | Number of days | Weighted number of shares |
|--|------------------|----------------|---------------------------|
| 07 / 01 - 10 / 15 / 2006 (ordinary capital GmbH) | 3,851,700 | 107 | 2,252,087 |
| 10 / 16 - 12 / 04 / 2006 (share capital AG) | 3,851,700 | 49 | 1,031,330 |
| 12 / 05 - 12 / 31 / 2006 (share capital AG) | 5,201,700 | 27 | 767,464 |
| Weighted average number of shares | | 183 | 4,050,881 |
| Stock options | 160,617 | 25 | 21,942 |
| | | | 4,072,823 |

The following figure is attributable to the financial year 2007:

| | Number of shares | Number of days | Weighted number of shares |
|-----------------------------------|------------------|----------------|---------------------------|
| Weighted average number of shares | 5,201,700 | 365 | 5,201,700 |
| Stock options | 160,617 | 243 | 106,931 |
| Stock options | 211,795 | 122 | 70,792 |
| | | | 5,379,423 |

Diluted earnings per share for the continued operations are shown in the following table:

| | | 12 / 31 / 2007 | 12 / 31 / 2006 |
|--------------------------------|---------------|----------------|----------------|
| Result of continued operations | in € thousand | 5,729 | (969) |
| Average number of shares | | 5,379,423 | 4,072,823 |
| Diluted earnings per share | in € | 1.07 | (0.24) |

Including the discontinued operations, diluted earnings per share are as follows:

| | | 12 / 31 / 2007 | 12 / 31 / 2006 |
|----------------------------|---------------|----------------|----------------|
| Group result | in € thousand | 4,606 | (1,566) |
| Average number of shares | | 5,379,423 | 4,072,823 |
| Diluted earnings per share | in € | 0.86 | (0.38) |

(C) Notes to the balance sheet

18 > Non-current assets

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

The brand rights and the customer base amounted to a total of €165 thousand as of the reference date (previous year: €202 thousand). The change compared with the corresponding previous year period is mainly attributable to the disposal of the customer base (€39 thousand) of First Tuesday AG as a result of deconsolidation.

The purchased software and self-developed software amounted to €307 thousand (previous year: €297 thousand) and €2,934 thousand (previous year: €1,869 thousand) respectively. The remaining service life of the self-developed web site is 22 months. The development costs in the Group recognized in the income statement amounted to €912 thousand (previous year: €540 thousand). The self-developed software shown in the balance sheet comprises costs for setting up, designing and improving the web site of XING AG. In addition, the remaining carrying amount of self-developed technical applications as well as purchased technical applications was impaired by €159 thousand.

The following table shows the development in intangible assets:

| | Other intangible assets in € thousand | Purchased software in € thousand | Self-developed software in € thousand | Goodwill in € thousand | Total in € thousand |
|---------------------------|---|--|---|---------------------------|------------------------|
| Carrying amounts | | | | | |
| Balance 07/01/2006 | 187 | 139 | 944 | 254 | 1,524 |
| Additions | 54 | 215 | 1,129 | 0 | 1,398 |
| Depreciation | (39) | (57) | (204) | 0 | (300) |
| Balance 01/01/2007 | 202 | 297 | 1,869 | 254 | 2,622 |
| Disposals | 0 | 0 | 0 | (236) | (236) |
| Additions | 2,236 | 148 | 2,439 | 9,262 | 14,085 |
| Depreciation | (384) | (138) | (1,374) | 0 | (1,896) |
| Balance 12/31/2007 | 2,054 | 307 | 2,934 | 9,280 | 14,575 |
| At cost | | | | | |
| Balance 07/01/2006 | 187 | 165 | 1,133 | 254 | 1,739 |
| Additions | 54 | 215 | 1,129 | 0 | 1,398 |
| Balance 01/01/2007 | 241 | 380 | 2,262 | 254 | 3,137 |
| Disposals | 0 | 0 | 0 | (236) | (236) |
| Additions | 2,236 | 148 | 2,439 | 9,262 | 14,085 |
| Balance 12/31/2007 | 2,477 | 528 | 4,701 | 9,280 | 16,986 |
| Depreciation | | | | | |
| Balance 07/01/2006 | 0 | 26 | 189 | 0 | 215 |
| Additions | 39 | 57 | 204 | 0 | 300 |
| Balance 01/01/2007 | 39 | 83 | 393 | 0 | 515 |
| Additions | 384 | 138 | 1,374 | 0 | 1,896 |
| Balance 12/31/2007 | 423 | 221 | 1,767 | 0 | 2,411 |

Goodwill as of December 31, 2007 includes an amount of €18 thousand (openBC China Ltd.) from the previous year. In addition, goodwill increased through the acquisition of Neurona (€8,070 thousand) and eConozco (€1,192 thousand). The goodwill from First Tuesday AG is calculated in full as a loss.

The 2007 financial statement includes an increase in miscellaneous immaterial assets arising from the acquisition of Neurona (€1,507 thousand), from eConozco customer relationships (€383 thousand) and other miscellaneous immaterial assets (€346 thousand).

The net currency differences attributable to intangible assets arising from the currency translation of subsidiaries in Asian countries are considered to be of a non-material nature.

Property, plant and equipment as of December 31, 2007 consists of technical equipment and machinery of €0 (previous year: €12 thousand) as well as IT hardware and other operating and business equipment of €2,487 thousand (previous year: €970 thousand).

The following table shows the development in property, plant and equipment as of December 31, 2007:

| | Technical equipment and machinery in € thousand | IT hardware and other business equipment in € thousand | Total in € thousand |
|---------------------------|---|---|------------------------|
| Carrying amounts | | | |
| Balance 07/01/2006 | 20 | 384 | 404 |
| Additions | 0 | 710 | 710 |
| Depreciation | (8) | (124) | (132) |
| Balance 01/01/2007 | 12 | 970 | 982 |
| Additions | 0 | 2,017 | 2,017 |
| Depreciation | (12) | (500) | (512) |
| Balance 12/31/2007 | 0 | 2,487 | 2,487 |
| XING | 0 | 2,430 | 2,430 |
| Neurona | 0 | 49 | 49 |
| eConozco | 0 | 0 | 0 |
| openBC Beijing | 0 | 8 | 8 |
| | 0 | 2,487 | 2,487 |
| At cost | | | |
| Balance 07/01/2006 | 37 | 511 | 548 |
| Additions | 0 | 710 | 710 |
| Balance 01/01/2007 | 37 | 1,221 | 1,258 |
| Additions | 0 | 2,017 | 2,017 |
| Balance 12/31/2007 | 37 | 3,238 | 3,275 |
| Depreciation | | | |
| Balance 07/01/2006 | 17 | 127 | 144 |
| Additions | 8 | 124 | 132 |
| Balance 01/01/2007 | 25 | 251 | 276 |
| Additions | 12 | 500 | 512 |
| Balance 12/31/2007 | 37 | 751 | 788 |

The net currency differences attributable to property, plant and equipment arising from the currency translation of subsidiaries in Asian countries are considered to be of a non-material nature.

The carrying amount of leased property, plant and equipment is € 331 thousand (previous year: € 533 thousand).

The financial assets of the Group of € 200 thousand comprise 2.4 percent of the subscribed capital of Plazes AG, Zurich, Switzerland, as a strategic holding; they are measured at cost of purchase because the fair value cannot be determined reliably.

As of the reference date, the other financial assets mainly comprise long-term deposits provided for payment transaction systems as well as rent deposits.

In the previous year, deferred tax assets were assessed and balanced up to the amount of the deferred tax liabilities. In financial year 2007, the amount has not been shown on net basis due to the fact that criteria according to IAS 12.71 have not been met.

19 > Current assets

Inventories as of December 31, 2007 had a value of € 20 thousand.

In the same way as in the previous year, all of the receivables arising from services of XING AG which were shown as of the reference date December 31, 2007 were due mainly within one year.

The tax refund claims relate mainly to taxes on unearned income.

The following table sets out the other assets:

| | 12 / 31 / 2007 in € thousand | 12 / 31 / 2006 in € thousand |
|--|---------------------------------|---------------------------------|
| Cost cut-off | 190 | 29 |
| Short-term loans extended to employees | 0 | 19 |
| Other assets | 186 | 173 |
| Total | 376 | 221 |

Cash and cash equivalents and short-term deposits as of the reference date consisted of freely disposable cash at banks of € 37,843 thousand (previous year: € 45,224 thousand) and cash in hand of € 1 thousand (previous year: € 1 thousand).

The cashflow statement as of December 31, 2007 contains the freely disposable cash and cash equivalents.

20 › Shareholders' equity and minorities

Share capital

The chemicals of the Company is unchanged compared with the previous year at € 5,201,700.00 and consists of 5,201,700 no-par-value bearer shares.

Authorized capital

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, 2001, by issuing up to 1,925,850 new no-par value registered shares against cash and/or non-cash contributions (authorized capital I). 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) sentence 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) sentence 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 subscription rights as a result of other authorizations with the direct or corresponding application of section 186 (3) sentence 4 AktG have to be offset in relation to the restriction. 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.

Contingent capital I

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 contingent capital I 2006 serves to ensure that subscription rights can be satisfied or stock options issued by the Company in the period until October 31, 2011 as part of the 2006 Stock Option Plan on the basis of the authorization granted by the shareholders' 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 treasury shares or cash settlement. The shares are issued out of the contingent capital at the exercise price defined in accordance with the resolution of the shareholders' meeting of November 3, 2006. The new shares participate in the profits 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 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. 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 obliga-

tions 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.

Capital reserve

The capital reserves mainly comprise the premium arising from the cash capital increases carried out in previous years less the costs of procuring shareholders' equity incurred in this connection.

Other reserves

The other reserves include the effects attributable to the currency translation of the financial statements of foreign subsidiaries. Furthermore, this reserve includes personnel expenses resulting from the Stock Option Program. The previous year has been adjusted accordingly. In the previous year, the amount was included among the capital reserves.

Minorities

The minorities shown in the consolidated balance sheet and consolidated income statement relate to the shares of other shareholders in the shareholders' equity and net profit of openBC China Ltd.

21 › Non-current liabilities

Finance leases in relation to various IT hardware and servers have been taken out within the Group. These agreements run for periods of between 30 and 60 months. The leases can be extended, but do not contain a purchase option and also do not contain any value assurance clauses. Extensions can be agreed for further periods of six months. The current part of the lease liability as of December 31, 2007 relates to the repayment obligation of €160 thousand of the Company over the next twelve months (previous year: €157 thousand). The remaining part of the obligation has been shown as a non-current liability and comprises an additional amount of €240 (previous year: €393 thousand).

The non-current deferred income relates to member subscriptions for future periods with a remaining term of more than one year as of the balance sheet date. The non-current deferred income amounted to €540 thousand as of December 31, 2007 (previous year: €500 thousand).

22 › Current liabilities

Corporation tax liabilities and trade tax liabilities of €393 thousand (previous year: €0) and also €350 thousand (previous year: €0) respectively are reported as of December 31, 2007.

Similar to the previous year, the accounts payable balanced to the key date December 31, 2007 for deliveries and services from XING are payable within one year. They amounted to €2,320 thousand (previous year €3,980 thousand) and also include liabilities for open purchase invoices which have been accrued and separately listed in the previous year.

The accounts payable for deliveries and services are not interest bearing, and are generally payable within 60 days.

The deferred income 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 income and amount to €6,380 thousand (previous year: €4,161 thousand).

The other liabilities are shown in the amount due for repayment and are broken down as follows:

| | 12 / 31 / 2007 in € thousand | 12 / 31 / 2006 in € thousand |
|--|---------------------------------|---------------------------------|
| Liabilities due to turnover tax | 316 | 87 |
| Liabilities due to personnel | 213 | 629 |
| Liabilities due to wage and church tax | 100 | 59 |
| Liabilities due to social insurance | 7 | 13 |
| Other | 1,066 | 83 |
| Total | 1,702 | 871 |

In the previous year, accounts payable from personnel were included under the position "provisions".

The sundry other liabilities mainly comprise liabilities due to a purchase price adjustment for Neurona (€ 531 thousand).

Other accounts payable are assumed to be payable within one year.

(D) Segment reporting

Application of IFRS 8: Operating Segments

Last year, segment reporting was prepared for the first time. The Group has applied IFRS 8 "Operating Segments" before the point at which the standard came into force, with effect from January 1, 2007.

In accordance with IFRS 8, operating segments have to be defined on the basis of internal management of group entities whose operating results are regularly reviewed by the main decision maker in the Company in order to enable decisions to be taken with regard to the allocation of resources to this segment and also with regard to assessing the profitability of the segment. On the other hand, in accordance with the previous standard (IAS 14: Segment Reporting), companies were required to identify two segment levels (operating segments and geographical segments) using the "risks and rewards approach", whereby the management information system was used by persons in key positions of the Company as the starting point for identifying these segment levels. Accordingly, the application of IFRS 8 has resulted in a change in the process of identifying the segments of the Group which are subject to reporting requirements.

The accounting policies applicable for all segments which are subject to reporting requirements are consistent with the disclosures in the section "Summary of major accounting policies" in these Notes.

Segments which are subject to reporting requirements

The only segment which is subject to reporting requirements at XING AG is the segment of Premium Memberships, Advertising, eCommerce and Other.

The segment structure of the Group is accordingly based on the products and services which are offered.

The business area "Premium Memberships" mainly comprises subscription memberships and revenues from Premium groups.

Advertising revenues are mainly reported in the "Advertising" business area.

Marketplace revenues are mainly reported in the "eCommerce" business area.

The "Other" business area reports other operations of XING AG which are of minor significance from the point of view of the Group.

The "Events" operations which in the past were operated by First Tuesday AG, were discontinued last year.

Segment revenues

The segment revenues of the period under review are shown in the following tables:

| | 01/01/2007 - 12/31/2007 in € thousand | 07/01/2006 - 12/31/2006 in € thousand |
|--|---|---|
| Premium Memberships | 17,838 | 5,903 |
| Advertising | 750 | 0 |
| eCommerce | 374 | 0 |
| Other | 85 | 0 |
| Revenues attributable to services | 19,047 | 5,903 |

| | 01/01/2007 - 12/31/2007 in € thousand | 07/01/2006 - 12/31/2006 in € thousand |
|--|---|---|
| Germany | 15,235 | 4,498 |
| Rest of Europe | 3,240 | 1,039 |
| Asia | 201 | 73 |
| America | 356 | 260 |
| Other | 15 | 33 |
| Revenues attributable to services | 19,047 | 5,903 |

In the 2007 financial year, revenues from services in the amount of €22 thousand (previous year €269 thousand) were listed for the discontinued business segment First Tuesday AG, Zurich, in the divisions "Other" and "Rest of Europe".

Non-current assets

The non-current assets broken down for the period under review are shown in the following tables:

| | 01/01/2007 - 12/31/2007 in € thousand | 07/01/2006 - 12/31/2006 in € thousand |
|---------------------------|---|---|
| Germany | 6,053 | 3,698 |
| Rest of Europe | 11,315 | 278 |
| Asia | 26 | 18 |
| Non-current assets | 17,394 | 3,994 |

(E) Consolidated cashflow statement

Cash and cash equivalents amounted to €37,844 thousand as of December 31, 2007 (previous year: €45,225 thousand) and consist of cash and cash equivalents from Germany (€37,732 thousand; previous year: €45,059 thousand), China (€74 thousand; previous year: €27 thousand), Spain (€38 thousand; previous year: €0) and Switzerland (€0; previous year: €139 thousand).

Cash and cash equivalents consist mainly of cash at banks, on which interest is earned at variable rates for overnight deposits.

Movements in cash and cash equivalents of the Group are shown in the consolidated cashflow statement. Other cashflows included in the consolidated cashflow statement comprise the following components in the period under review:

| | 12 / 31 / 2007 in € thousand | 12 / 31 / 2006 in € thousand |
|-------------------|---------------------------------|---------------------------------|
| Interest paid | (51) | (32) |
| Interest received | 1,359 | 116 |

Invalid payments resulted primarily from the acquisition of subsidiaries eConozco and Neurona (cf. item 8).

(F) Other disclosures

Contingent liabilities and financial obligations

The decision as to whether an agreement includes a lease is based on the financial content of the agreement at the point at which this agreement is taken out 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 in the Group for business premises, staff apartments and some vehicles. 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, 2007 in accordance with the operating leases which cannot be terminated are shown in the following overview:

| | 12 / 31 / 2007 in € thousand | 12 / 31 / 2006 in € thousand |
|--|---------------------------------|---------------------------------|
| Less than two years | 437 | 142 |
| More than two years and less than five years | 67 | 105 |
| More than five years | 0 | 0 |
| | 504 | 247 |

The Group recognized lease payments of €211 thousand in the income statement (previous year: €112 thousand).

The Group has taken out finance leases for various items of IT hardware and servers. These leases have terms of between 30 and 60 months. They each have an extension clause, but do not contain any purchase options or value assurance clauses. They can be extended for further periods of six months.

The future minimum lease payments attributable to finance leases as of December 31, 2007 are shown in the following overview:

| | Minimum payments in € thousand | Present value of payments in € thousand | Minimum payments in € thousand | Present value of payments in € thousand |
|--|-----------------------------------|---|-----------------------------------|---|
| Less than one year | 184 | 160 | 195 | 157 |
| More than one year and less than five years | 332 | 240 | 563 | 393 |
| Minimum lease payments, total | 516 | 400 | 758 | 550 |
| Amounts constituting financing costs | (116) | 0 | (208) | 0 |
| Present value of minimum lease payments | 400 | 400 | 550 | 550 |

Principles of financial risk management

The financial instruments of the Group mainly comprise cash and cash equivalents based on equity ratio as well as services receivable attributable to the Group's operations. The Group finances its operations primarily by way of the advance payments of its Premium Members, resulting in a positive cashflow from operating activities and also by way of equity financing. The Company does not hold any further financial instruments which involve major financial risks.

Capital risk management and net debt

Given the equity ratio, the Company manages its capital with the goal of optimizing returns as a rule, if necessary, by means of borrowed capital. This ensures that all companies in the Group are able to operate on the basis of a going concern assumption. The Company monitors its capital using its equity ratio.

The capital structure of the Group consists mainly of shareholders' equity. The equity ratio as of December 31, 2007 was 77.2 percent (previous year: 79.1 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 which existed as of the reference date:

| | 12 / 31 / 2007 in € thousand | 12 / 31 / 2006 in € thousand |
|--|---------------------------------|---------------------------------|
| Non-current liabilities | (780) | (893) |
| Current liabilities | (11,305) | (9,169) |
| Cash and cash equivalents and current deposits | 37,844 | 45,225 |
| Surplus cash and cash equivalents | 25,759 | 35,163 |

Categories of financial instruments

The following categories of financial instruments existed as of the reference date:

| | Carrying amount 12/31/2007 in € thousand | Carrying amount 12/31/2006 in € thousand |
|--|--|--|
| Financial assets | | |
| Securities / equity participations (available for disposal) | 200 | 100 |
| Non-current receivables (loans and receivables) | 132 | 289 |
| Current receivables attributable to services (loans and receivables) | 2,121 | 1,533 |
| Cash and cash equivalents and current deposits (loans and receivables) | 37,844 | 45,225 |
| Financial liabilities | | |
| Non-current liabilities attributable to finance leases | 240 | 393 |
| Current liabilities attributable to finance leases | 160 | 157 |
| Current trade accounts payable | 2,320 | 3,980 |

The securities are shown at continuing cost because the fair value cannot be reliably determined. 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 continuing cost.

Liabilities attributable to finance leases are shown at continuing cost. Interest expenses of €45 thousand (previous year: €3 thousand) are shown in the income statement in this connection.

The other current liabilities are shown at continuing cost.

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 the financial year was not to act as security for liabilities of the Group.

As was the case in the previous year, the Group did not use any hedges in the course of the financial year to hedge financial assets or liabilities or to hedge cashflows.

Exchange rate and interest risk management

At present, the Group is not exposed to any major exchange rate and interest risks. Almost all revenues are generated in Euros. With the exception of liabilities arising from finance leases, there are no interest-bearing liabilities.

On average, main investments in securities DB Platinum IV Corporate Cash and DWS Institutional Money plus earned between 3.60 percent (plus a high tax-free proportion) and 4.12 percent during the calendar year 2007.

Cash held at banks earns interest at a rate of 3.67 percent (time deposits).

Other price risks

The Group is exposed to other price risks mainly as a result of securities which, as was the situation in the previous year, exclusively consisted of a strategic investment in Plazes AG, Zurich, Switzerland, as of the reference date. Because the price risks attributable to the securities are not of material significance for the Group, there are no special monitoring and hedging measures for the securities. The intention is for the securities to be held in the medium to long term. There are currently no plans for the securities to be sold in the immediate future.

Analysis of market risks

Because the Group is not exposed to any major market risks (currency, interest rate and other price risks), detailed sensitivity analyses are not carried out in relation to possible market risks.

The Group's earnings before taxes are affected by a change in interest rates (resulting from the effects to floating rate financial investments) which in turn affect interest returns. An increase in interest rates by 100 base points would change interest returns by € 415 thousand (previous year: € 260 thousand), given an average investment value of € 41,535 thousand (previous year: € 26,008 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 existed as of the reference date only in the form of subscription claims against the members of the XING platform (services receivable) as well as cash held at banks (cash and cash equivalents and current deposits).

With regard to the subscription receivable, the risk is reduced by the fact that the receivable 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 the receivables totaled € 2,121 thousand (previous year: € 1,533 thousand). The maximum default risk is in relation to the carrying amount of the receivable.

Reputable commercial banks with an optimum rating are used for investment and payments relating to cash at banks. The remaining term of the credit balances is less than three months. The maximum default risk relates to the carrying amount of the cash balances.

The Group considers that the current default risks are low. The following defaults and impairments in relation to services receivable were recognized last year:

| | 12 / 31 / 2007 in € thousand | 12 / 31 / 2006 in € thousand |
|---|---------------------------------|---------------------------------|
| Total amount of services receivable | 2,289 | 1,553 |
| Defaults | (144) | 0 |
| Impairments in relation to receivables | (24) | (20) |
| Services receivable according to balance sheet | 2,121 | 1,533 |

In the 2007 financial year, an amount of € 4 thousand was allocated to the adjustment. Revenue from the income of charged off receivables from services were insubstantial.

As was the case in the previous year, there were no defaults in relation to cash and cash equivalents and current deposits.

Furthermore, there are no substantial risk concentrations.

Liquidity risk management

The Group manages liquidity risks by holding appropriate reserves and also by constantly monitoring the forecasted and actual cashflows. 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

By resolution of the general shareholders' meeting of November 3, 2006, contingent capital up to a total of €288,822.00 was created for the purposes of establishing an employee participation program. As a result, 160,617 stock options were issued under the rubric of the "Stock Option Plan 2006" (SOP 2006) to the Executive Board and employees of XING.

The stock option plan guarantees the option to subscribe shares of the Company and foresees a fixed term of five years. Each option guarantees the right to subscribe one share of the Company, whereby shareholders may be exempted from subscription rights. The key provisions of the SOP 2006 are summarized as follows:

In the course of the SOP 2006, stock options may only be issued to members of the Executive Board of XING AG, to members of the management boards of subsidiaries of the Company and to selected managers, other top performers and other employees of XING AG and its subsidiaries.

The stock options guarantee the holder the right to subscribe registered no par value shares of XING AG. Each stock option guarantees the holder the right to subscribe one share of XING AG upon payment of the strike price. The option conditions envision that instead of issuing new shares under avilment of the contingent capital, the Company may choose to issue its own shares or a cash settlement to fulfill subscription rights.

Subscription rights arising from stock options may only be exercised after expiry of a waiting period. For 50 percent of the guaranteed stock options, the waiting period is at least two years, for an additional 25 percent of the guaranteed stock options, it is at least three years and for the remaining 25 percent the waiting period is at least four years. The waiting period will begin on the day of issue of each stock option. Subscription rights may be exercised for a period of up to five years, beginning with the day the stock option is issued.

The strike price for a share of the Company corresponds to the arithmetic mean of the final auction price of the shares of the Company in XETRA trading (or a comparable tracking system) on the Frankfurt Stock Exchange over the last 20 days of trading before the stock option is issued (day in which the subscription agreement by the beneficiary is received by the Company or the bank selected by the Company to process such agreements). Diverging from this provision is the strike price for stock options issued in connection with the IPO of the Company before trading began, which is equal to the purchasing price set for the shares of the Company for the IPO.

Subscription rights arising from the stock options can only be exercised if the final auction price of Company stock shares trades higher than that of the SDAX Index (or another comparable tracking index) on XETRA (or a comparable trading system) for ten consecutive trading days within one year of the day of exercising the subscription rights.

On September 8, 2007, an additional 51,178 option rights were granted to selected employees.

Expenses in the consolidated income statement from December 31, 2007 for stock-based remuneration amounted to €613 thousand (previous year €45 thousand).

The average weighted strike price for these options was €36.55 (previous year €30.00). The average weighted term of contract for outstanding stock options as of December 31, 2007 was 3.7 years (previous year: 2.7 years).

The weighted average current market value for outstanding stock options as of December 31, 2007 was €13.35 (previous year: €9.78).

The parameters listed below formed the basis of the calculations made on the key date:

| | | 12/31/2007 | 12/31/2006 |
|---|----------|-------------|------------|
| Annual fluctuation of employees eligible for options | in % | 5.0 | 5.0 |
| Expected term of option rights | in years | 3.5 - 4.5 | 3.5 - 4.5 |
| Expected dividend yields | in % | 0.0 | 0.0 |
| Riskless interest rate (corresponding to the expected term of option rights) | in % | 4.03 - 4.07 | 3.9 |
| Share price on 09/07/2007 / 12/06/2006 | in € | 36.74 | 30.00 |
| Strike price | in € | 36.55 | 30.00 |
| Expected volatility of the share price | in % | 40.0 | 35.0 |
| Expected volatility of the underlying stock index | in % | 17.0 | 14.6 |
| Expected correlation between stock index and share price | in % | 30.0 | 35.0 |

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The calculation of expected volatility takes into account the average historic volatility of the XING share price and comparable share prices in the period December 6, 2006 to September 7, 2007. This expected volatility was then rounded off to five percentage points.

The expected volatility of the SDAX Performance Index takes into account the historic volatility in the same time period.

The expected correlation is based on the historic correlation in the period December 6, 2006 to September 7, 2007. In calculating the correlation, both the XING share and comparable shares were taken into account, as when calculating the correlation. This calculation is also rounded off to five percentage points.

The comparable shares used for the calculation were the following securities: Meetic S.A. (ISIN: A0HFYP), DADA S.P.A. (ISIN: 615264) and AUFEMININ.COM S.A. (ISIN: 625944).

Business relations with related parties

In the financial year, Mr. William Liao, member of the Supervisory Board of XING AG, provided consultancy services with regard to business development and corporate strategy planning. A fee of €100 thousand was paid for these services (previous year: €72 thousand). As of December 31, 2007, liabilities attributable to these services amounted to €0 (previous year: €0).

epublica GmbH, Hamburg, which has developed the software for the XING platform and which is a shareholder of XING AG, provided services in the amount of €2,127 thousand in the year under review (previous year: €757 thousand). As of December 31, 2007, liabilities attributable to these services amounted to €154 thousand (previous year: €0).

Number of employees

XING employed an average of 101 persons (previous year: 61) during the financial year from January 1, 2007 to December 31, 2007. As of December 31, 2007, 109 persons (previous year: 74, incl. CEO) including 3 members of the Executive Board (previous year: 2) were employed in the Group.

Members of the Supervisory Board

The following persons served on the Supervisory Board of the Company in the year under review:

Mr. Dr. Neil V. Sunderland, Investment Advisor, Chairman, Zumikon, Schweiz

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
- Member of the Advisory Board of Terra Firma Capital Partners, London, United Kingdom
- Consulting Partner of Montreux Equity Partners, Menlo Park, United States
- Member of the Administrative Board of Elsevier Holdings SA, Neuchâtel, Switzerland, of Elsevier Finance SA, Neuchâtel, Switzerland, of Elsevier Properties SA, Neuchâtel, Switzerland
- Chairman of the Board of Adconion Media Group, Limited, London, United Kingdom
- Member of the Board of Industrial Origami Inc., San Francisco, United States
- Deputy Chairman of the Verwaltungsrats of 3T Supplies AG, Schwyz, Switzerland

Dr. Eric Archambeau, Investment Advisor, Deputy Chairman, Brussels, Belgium

Other Supervisory Board mandates / memberships in control bodies:

- Member of the Board of BridgeCo Inc., Los Angeles, United States, of KIKA Medical Inc, Boston, United States and of Industrial Origami Inc., San Francisco, United States
- Member of the Board of Travel Horizon B.V., Amsterdam, the Netherlands, Orderwork LTD, London, United Kingdom

Mr. William Liao, Businessman, Weissbad, Switzerland

Other Supervisory Board mandates / memberships in control bodies: none

Dr. Sunderland, Dr. Archambeau and Mr. Liao have been members of the Advisory Board of OPEN Business Club GmbH since it was set up in 2005. The Advisory Board was replaced by the Supervisory Board when the Company was converted into an Aktiengesellschaft (joint stock corporation) in 2006.

The members of the Supervisory Board receive compensation of €2 thousand per day of attendance for attending each Supervisory Board meeting (previous year: €2 thousand). The members of committees of the Supervisory Board additionally receive compensation of €1 thousand for each day of attendance for attending each committee meeting (previous year: €0).

The Chairman of the Supervisory Board receives compensation of €4 thousand for each day of attendance for attending each Supervisory Board meeting (previous year: €3 thousand) and receives compensation of €3 thousand for each day of attendance for attending a committee meeting (previous year: €0).

The total compensation of a member of the Supervisory Board for attending Supervisory Board and committee meetings must not exceed €75 thousand for each financial year (previous year: €0). The total compensation of the Chairman of the Supervisory Board must not exceed €150 thousand per financial year (previous year: €20 thousand).

Further information is contained in the remuneration report, which is included in the notes of the consolidated financial statements.

Members of the Executive Board

The following persons were appointed as members of the Executive Board last year:

- Mr. Lars Hinrichs, Chairman of the Executive Board, Businessman, Hamburg
Other supervisory board mandates / memberships in control bodies: none
- Mr. Eoghan Jennings, Finance Director, Businessman, Hamburg
Other supervisory board mandates / memberships in control bodies: none
- Mr. Burkhard Blum, member of the Executive Board, Lawyer, Hamburg
Other supervisory board mandates / memberships in control bodies: none

Further information is contained in the remuneration report, which is included in the notes of the consolidated financial statements.

Auditor's fees

Expenses of €177 thousand were recognized for the Company's audit of the single entity and consolidated financial statements for the financial year ending December 31, 2007 (previous year: €254 thousand). Special fees for other assurance services accounted for €36 thousand (previous year: €311 thousand). In addition, insurance premiums for other assurance services amounted to €0 (previous year: €481 thousand) in 2007. Finally, €34 thousand were accounted for further services during the reported financial year (previous year: €0 thousand).

Consolidated financial statements

In its capacity as the parent company, XING AG prepares consolidated financial statements for the period ending December 31, 2007 in accordance with the accounting principles of the International Financial Reporting Standards (IFRS). These consolidated financial statements are submitted to the electronic Federal Gazette.

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Notifications received in accordance with section 21 WpHG

On January 17, 2007, Wellington Partners III Management Ltd. Jersey, Channel Islands, notified the Company that its share of the voting rights of the Company amounted to 13.66 percent on December 5, 2006.

On January 17, 2007, Wellington Partners III Management Ltd. Jersey, Channel Islands, notified the Company that its share of voting rights fell below the threshold of 10 percent on December 11, 2006 and now amounted to 7.85 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 amounted to 2.89 percent.

On August 10, 2007, Tracer Capital Offshore Fund Ltd., Georgetown, Cayman Islands, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on July 31, 2007 and now amounted to 3.12 percent.

On August 10, 2007, Tracer Capital Management L. P., New York, United States, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on June 27, 2007 and now amounted to 13.66 percent.

Details of directors' dealings in accordance with section 15a WpHG can be viewed on the Company's web site under the heading "Investor relations".

Statement on the Corporate Governance Code

The statement which has to be provided in accordance with section 161 AktG has been provided and has been made accessible to the shareholders by means of being published.

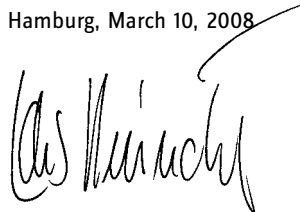
Major events after the balance sheet date

Events after the balance sheet which have a major impact on the net assets, financial position and results of operations of XING AG are detailed as follows:

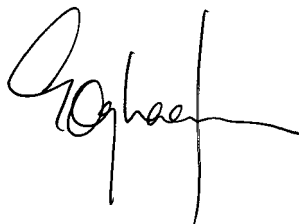
After the end of financial year 2007, the Group achieved a major milestone with the acquisition of the company EUDA Uluslararası Danışmanlık ve Bilisim Hizmetleri Limited Sirketi (cember.net), Istanbul, Turkey, on January 22, 2008. XING AG acquired around 280,000 members in a rapidly expanding and dynamic economy with an increasing degree of Internet penetration for a price of €4.36 million. Other declarations as per IFRS 3.71 cannot be made at this time, due to the lack of reliable IFRS values.

The Executive Board

Hamburg, March 10, 2008



Lars Hinrichs



Eoghan Jennings



Burkhard Blum

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.

The Executive Board

Hamburg, March 2008

Auditor's 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 (formerly Open Business Club AG), Hamburg, comprising the income statement, the balance sheet, statement of changes in equity, cashflow statement and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2007. 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 10, 2008

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Klimmer
Wirtschaftsprüfer
(German Public Auditor)

Borcherding
Wirtschaftsprüfer
(German Public Auditor)

Glossary

| | |
|-------------------------------------|--|
| Basic Membership | Free membership with XING offering limited functionality. |
| Blogosphere | A collective term encompassing all blogs and their interconnections. It is the perception that blogs exist together as a connected community (or as a collection of connected communities) or as a social network. |
| Blog / Weblog | A website with recurrent new entries, e.g., a private internet diary. |
| Business Intelligence System | Systematic and statistical analysis of the companies' business to gain information for the improvement of products and business processes. |
| Churn | Number of Premium Members who convert to Basic Members or give up their profile less those Premium Members who renew their Premium Membership shortly after termination. |
| (monthly) Churn rate | The number of terminations divided by the number of Premium Members at the end of the month. The average monthly churn rate is defined as the average of the monthly churn rates over the respective period. |
| CPM | Abbreviation for "Cost per mille," or "Cost per thousand page impressions;" method of price calculation for advertising on the internet, based on 1,000 page views. |
| Domain | Particular internet address by which a physical or virtual server is accessible. |
| Download | Downloading data from the Internet. |
| EBIT | Earnings for the period after depreciation and amortization and before interest and other investment results and income taxes. |
| EBITDA | Earnings for the period before interest and other investment results, income taxes and depreciation and amortization. |
| EBT | Earnings for the period after depreciation and amortization and interest and other investment results and before income taxes. |

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|-------------------------------|---|
| Groups | XING members who exchange opinions. |
| IAS | International Accounting Standards; issued by the International Accounting Standards Committee until 2001. |
| IFRS | International Financial Reporting Standards; issued by the International Accounting Standards Board (the former International Accounting Standards Committee) since 2001. |
| Insourcing | Reintegration of formerly outsourced processes and business functions of the Company. |
| Internet | The internet is a global network of computers based on the Internet Protocol (IP) without a centralised network management system; also: web. |
| Link | A connection between two websites; by clicking on a link the internet user is directed from one website to another website. |
| Live Networking Events | Events where XING members can meet in person and get to know each other ("live" as opposed to "online"). |
| Moderators | Members who moderate XING Groups on the platform. |
| Net | The internet (see Internet), also World Wide Web. |
| Networking | Building and maintaining a social network; looking after ones contacts. |
| Online | Status during which an individual computer is connected to the network: frequently used in terms of an existing access to the Internet. |
| Online platform | A combined system of hardware and software components on which a computer application operates which can be accessed over the internet and which provides a user interface; here the XING platform. |

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|----------------------------------|---|
| Personal Data | Personal information of individuals like birthday, home address, nationality and also hobbies, preferences, etc. |
| Posting | A message in a internet forum or a newsgroup; a posting is usually visible to a number of users and therefore "public"; postings often refer to each other and are shown in chronological order so that they resemble a conversation or discussion. |
| Premium Membership | Paid membership with XING which entitles Premium Members to use all functions of the XING platform. |
| PremiumWorld | Special offers/discounts XING, in cooperation with partner companies, makes available to Premium Members only. |
| Professional Networking | Building and maintaining a network of occupational and business contacts. |
| Professionals | Well educated, employed or self-employed persons (also persons looking for a job), business people, used here as a collective term for the target group of the XING network. |
| RSS-Feed | Abbreviation for "Really Simple Syndication". A technology by which a user may subscribe to the content of a website - or part of a website - or may integrate the website into another websites. |
| Search engine | A website which offers a range of functions to search the internet. |
| Secure Socket Layer (SSL) | Encryption protocol for data transfer over the internet. |
| Server | Central computer of a network which provides the work stations (clients) data, memory and resources and manages the network. |
| Social Networking | Building and using social contacts; online social networking by using of special websites that facilitate communication among their users and enables them to search for users with particular characteristics. |
| Software | Non-physical content, data, usually saved on a data carrier in electronic or optical form, such as computer programmes, music, films (antonym of hardware). |
| Spam-Mails | Unwanted, usually electronically transmitted messages (e.g., emails) which were sent in bulk and were not requested by the recipient or contain advertising. |

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|--------------------------|--|
| Unique Visitor | Identifiable visitor of a website (by IP address or cookie); to measure the traffic on a website as a proxy for its popularity, some methods count identifiable, repeat visitors of a website; these repeat visitors are only counted once as opposed to methods which count the number of "hits" (page views; page impressions). |
| User Interface | Part of the computer program which interacts with the user, typically by employing graphical symbols. |
| Viral Marketing | A form of marketing that exploits existing social networks in order to steer attention towards brands, products or campaigns by spreading messages epidemically like a virus. The spreading of the messages is based, ultimately, on word of mouth or other forms of communication among customers or consumers. |
| Viruses und Worms | "Malicious" self-replicating computer programs, which spread on the internet, e.g., by email and may cause harm by deleting data, spreading data without authorization or altering settings. |
| Web 2.0 | Web 2.0 is a generic term for new interactive technologies and services on the internet which take into account the new perception of the internet as well as the focus interactive online communities. Users are provided applications and different sorts of data on largely integrated web platforms. The Web 2.0 technology follows the trend towards a more user-friendly internet and a stronger social and communicative orientation of the internet. |
| Web-based | A process that takes place on the internet. |
| Web browser | A software program that enables users to access data on the internet, in particular, to display web pages. |
| Website | Information made available on the internet which is combined and linked by uniform navigation. |

Financial Calendar 2008*

| Date | Disposition |
|-------------------|---|
| March 25, 2008 | Annual report 2007, Hamburg |
| May 15, 2008 | Interim report Q1 2008, Hamburg |
| May 21, 2008 | Ordinary shareholders' meeting, Hamburg |
| August 14, 2008 | Interim report H1 2008, Hamburg |
| November 13, 2008 | Interim report Q3 2008, Hamburg |

* All dates subject to change

Masthead and Contact

This Annual Report is available in both German and English. Both versions and further press information are also available for download at www.xing.com.

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For Annual Reports, Interim Reports and current financial information about XING AG please contact

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