XING

Annual Report 2010

gives you

MORE*

*MORE CONTACTS MORE TRUST MORE BENEFITS.

A person with contacts will go far. A person with good contacts will go even further. Exclusive business contacts were once the province only of select societies, but now they are available to everyone thanks to the Internet. Thanks to XING, the online network for business contacts. Over ten million professionals use the XING global business network to do business, made deals, and further their careers. XING offers custom networking features and services to help them create their networks and stay in touch. XING hosts more than 40 thousand expert groups and assists its members in organizing over 180 thousand networking events every year around the globe. With XING Jobs, the network also features job ads to enable its members to leverage their professional contacts for creating real value. XING. Powering Relationships.

Key Figures		2010	2009	2008	2007
Turnover	in € million	54.3	45.1	35.3	19.6
EBITDA	in € million	16.7	11.8	12.2	6.9
EBITDA margin	in %	31	26	34	35
Net result	in € million	7.2	(1.7)	7.3	5.6
Cashflow from operating activities	in € million	22.4	14.1	17.7	8.9
Cashflow from operating activities	€/share	4.2	2.7	3.4	1.7
Earnings per share (diluted)	in €	1.37	(0.33)	1.41	1.07
Equity	in € million	61.2	52.7	52.3	46.0
Members	in millions	10.48	8.75	7.00	4.83
thereof Premium Members	in thousands	745	687	550	362
Contacts	in millions	214	172	124	76
Employees		306	265	174	109

Mission Statement

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

Contents

INTRODUCTION

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

Two thousand and ten was both an eventful and successful year for XING as we achieved excellent growth across the board. Revenues increased by 20 percent from €45 million to more than €54 million. Despite a number of investments such as hiring a number of new employees, our operating result (EBITDA) also rose by 40 percent to €16.7 million. During the second half of 2010, our major product and marketing offensive helped to accelerate member growth in German-speaking countries. As a result, the platform had 4.5 million members in German-speaking countries and 10.48 million members worldwide as of the end of December. This equates to a 20 percent increase on member figures at the end of 2009. We see this as a major step forward in terms of our competitive position, but still see vast potential for further growth. Penetration rates of less than 5 percent in German-speaking countries are indicative of this potential as usage rates in other countries are roughly double this figure.

e-Recruiting and Advertising - Growth drivers in 2010

Social recruiting is now a common term among recruiters and a number of companies allocated funds in their 2010 budgets for recruiting via social business networks. According to the latest Recruiting Trends study, XING was rated as being the leading social media channel for advertising jobs or looking for information about job applicants. The growing trend of using professional networks for recruiting is clearly reflected in the figures for 2010. Revenues from e-Recruiting in 2010 rose by more than 60 percent to €7.1 million. We intend to continue investing in e-Recruiting in 2011, hiring more people, in particular for our Sales department. As a result of this, we're confident we can drive growth levels even further.

In 2010, our Advertising segment was realigned from a strategic perspective which helped to achieve growth rates in excess of 60 percent, which equates to revenues of almost €3.9 million.

Major product offensive in autumn 2010

This year we've really driven development on our platform, especially during our product offensive in September http://blog.xing.com/category/english where we launched a new design with a wide range of usability improvements and new features such as the Mobile Handshake. Good contacts are essential when it comes to business. XING has made a number of changes that make it easier for members to get the most out of their network, both at home and when out and about. Members can also use the Mobile Handshake feature that allows them to shake hands virtually by using their smartphones to connect on XING.

XING acquires amiando AG

The 2010 financial year was rounded out with XING's announcement of its acquisition of Munich-based firm amiando AG on December 9. This move will allow us to take up a strong position in a promising growth segment. amiando is an online event registration tool with end-to-end ticketing solutions that was launched in 2006 and is already used by various trade fairs and a number of companies. As both XING and amiando's services are online, they complement each other perfectly as they can be used immediately without the user having to install any software. We're particularly excited about this acquisition as it provides you, the XING community, with a huge number of benefits and immense potential. Right now, XING users are posting more than 170,000 events each year – that's more than 400 a day! We considered it a logical step forward for us to develop a holistic solution for event management and ticketing.

Changes to the Supervisory Board

Dr. Andreas Meyer-Landrut (51) was appointed to the XING AG (WKN: XNG888) Supervisory Board on November 29. He will assume the duties of Eric Archambeau, who chose to resign from the XING AG Supervisory Board, until the next Annual General Meeting. Dr. Meyer-Landrut is a lawyer and has been a partner at the German Corporate Group of DLA Piper, one of the largest legal service providers in the world, since 2008. He already has good knowledge of XING as a company through his extensive consulting work. We would like to thank Eric Archambeau for all his work during his tenure as member of the XING AG Supervisory Board. He has provided us with all of his expertise and advice to help turn XING from a start-up to a listed company.

Dr. Stefan Gross-Selbeck

Changes to the Executive Board

On January 17, 2011, Jens Pape joined XING AG's Executive Board as Chief Technological Officer (CTO). He joined the XING team on March 1, following on from Michael Otto who resigned after seven years with the company. Prior to joining XING, Jens was Vice President Online at Telefónica o2 Germany where he played a large part in the company's transformation into an online-centric business. In this role he reported directly to the CEO. Prior to that, Jens was CIO and member of the board at Hansenet, during which time he was responsible among other things for migrating AOL customer data to the Hansenet environment. Before becoming CIO, Jens, a qualified engineer, held the position of CTO and member of the board at AOL Deutschland for a number of years. We're very happy to have found an extremely experienced and skilled person to take on this role.

I would like to take this opportunity to thank Michael Otto for his excellent and successful work over the years. He supported the company right from day one, and his expertise made a major lasting contribution to the success of the XING platform. We simply wouldn't be where we are today if it weren't for him.

Dynamic start to the new business year with a clear strategy

The product offensive in September 2010 was a major step forward in terms of boosting our performance as we introduced a number of new features, a new design, and targeted marketing campaigns that have helped to drive growth in German-speaking countries. In Q4 alone more than 200,000 people in German-speaking countries signed up to XING, a 30 percent increase over Q4 2009. This trend has continued during the first few months of the 2011 financial year with a number of new features launched in February. And as of March 2, we've made it much quicker and easier for more than 10 million XING members to communicate with one another by being able to post news items, tips, and other information as well as being able to share information posted by others. This way, XING is now able to offer communication options previously only available within a private social media context.

As mentioned above, the market we're in still offers huge growth potential. We've now put a clear strategy in place for 2011 in order to maximize this potential. We intend to focus on three areas:

1. Attract new members in German-speaking countries and boost member activity.
2. Expand and improve the Premium Membership model.
3. Expand and develop our vertical sources of revenue.

One thing's for sure: A social network would be nothing without its members and their group posts, dedication, and input. This is why I would like to say thanks to all you millions of XING users out there for making our platform what it is today. XING has evolved into a thriving platform of business professionals, and that's largely due to our employees who make sure that our members have an efficient tool they can use in everyday business by being open to and acting on their feedback.

I would also like to thank you, our shareholders, for the trust you have vested in us. We look forward to involving you in our latest developments.

Sincerely,

Dr. Stefan Gross-Selbeck (CEO)

EXECUTIVE BOARD

Dr. Stefan Gross-Selbeck
https://www.xing.com/profile/Stefan_GrossSelbeck
Chief Executive Officer (CEO) – since January 15, 2009
Dr. Stefan Gross-Selbeck was appointed Chief Executive Officer (CEO) on January 15, 2009, and is responsible for the Corporate Communications, International Markets and Human Resources divisions. In February 2010, he also assumed responsibility for the Corporate Development and Market Development division.

Dr. Helmut Becker
https://www.xing.com/profile/Helmut_Becker5
Chief Commercial Officer (CCO) – since September 15, 2009
Dr. Helmut Becker was appointed to the Executive Board on September 15, 2009. As Chief Commercial Officer (CCO) he is responsible for the Marketing, Sales, Jobs and Recruiting, Advertising, Subscriptions, Company Profiles and Customer Care divisions. At the end of February 2010 he also assumed responsibility for the Product division.

Burkhard Blum
https://www.xing.com/profile/Burkhard_Blum
Chief Operating Officer (COO) – until the end of February 2010
Until his departure from XING as Chief Operating Officer (COO) in February 2010, Burkhard Blum was responsible for the Legal, Mergers & Acquisitions, Project Management and Corporate & Market Development divisions.

Ingo Chu
https://www.xing.com/profile/Ingo_Chu
Chief Financial Officer (CFO) – since July 1, 2009
Ingo Chu was appointed as Chief Financial Officer (CFO) on July 1, 2009, and is responsible for the Finance, Controlling, Legal Affairs, Business Intelligence and Investor Relations divisions. At the end of February 2010 he also assumed responsibility for the Mergers and Acquisitions divisions.

Michael Otto
https://www.xing.com/profile/Michael_Otto
Chief Technical Officer (CTO) – until January 31, 2011
As Chief Technical Officer (CTO), in 2010 Michael Otto was responsible for the technical development and operation of the XING platform as well as for implementing new features and project management. Michael Otto left XING AG on January 31, 2011, at his own request in order to pursue new business ventures.

Jens Pape
https://www.xing.com/profile/Jens_Pape5
Chief Technical Officer (CTO) - since March 1, 2011
XING AG's Supervisory Board appointed Jens Pape as Chief Technical Officer (CTO) on December 1, 2010. He succeeds Michael Otto and is responsible for the technical development and operation of the XING platform as well as for implementing new features and project management.

SUPERVISORY BOARD

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

Dr. Andreas Meyer-Landrut
https://www.xing.com/profile/Andreas_MeyerLandrut
Supervisory Board - since November 29, 2010
Cologne, Germany
Andreas Meyer-Landrut has been a partner at DLA Piper UK LLP since 2008. He mainly deals with corporation law with a focus on public corporation law such as capital-related measures, resolutions pursuant to the German Reorganization Act (UmwG), structural decisions, squeeze-outs, and capital market transactions.

Fritz Oidtmann
https://www.xing.com/profile/Fritz_Oidtmann
Supervisory Board – since January 18, 2010
Bonn, Germany
Fritz Oidtmann is Managing Director of Burda Digital Commerce GmbH and CHIP Holding GmbH, as well as being Spokesman of the Executive Board of Cyberport GmbH and computeruniverse.net GmbH. He was a founding partner and member of the Management Board of OnVista. Before that, he spent 12 years at McKinsey & Company.

Dr. Eric Archambeau
https://www.xing.com/profile/Eric_Archambeau
Supervisory Board - until November 26, 2010
Brussels, Belgium
Dr. Archambeau is a General Partner at venture capital firm Wellington Partners. He resigned from his seat on XING AG's Supervisory Board effective November 26, 2010.

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MORE CONTACTS

million connections among XING members*

Since the start of the millennium, the Internet has rapidly changed how society as a whole uses media around the globe. Social networks assume the role of various media with messages being sent around the world much faster online than via conventional media channels. In addition, each and every one of us is now able to broadcast news and messages by sharing information with a vast audience. A lot of companies are now starting to react by interacting with their target groups. As a result of this, a professional online presence is becoming increasingly important both for individuals and businesses alike. A XING profile is therefore vital in terms of online reputation management.

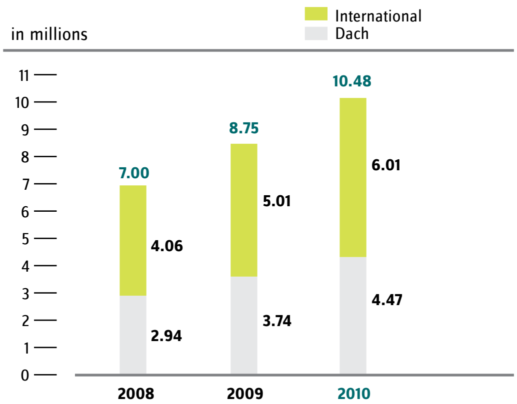
* Social networks have become a global phenomenon with around one billion people all over the world connecting with one another.

Key global Internet figures

Number of Internet users worldwide	1.97 billion (June 2010)
Number of email users worldwide	1.88 billion
Number of tweets sent	25 billion
Number of social network users worldwide	Approx. 1 billion
Number of websites worldwide	255 million (December 2010)
Number of blogs	152 million

Source: pingdom /comScore Media Metrix

XING has more than 10 million users



Social media are changing society

Throughout history, new types of media have always had a major impact on society. One such example is Johannes Gutenberg who invented the modern printing press with moveable metal letters. This invention spread throughout Europe within just a few decades and led to a rapid increase in terms of reproducing and disseminating information and knowledge. The 21st century is witnessing a similar phenomenon with the Internet, social networks and smartphones spreading around the globe. 1.97 billion people worldwide are already online and the exponential increase in smartphone sales – a survey conducted by Gartner estimates sales in excess of 80 million in the third quarter of 2010 alone – leads to more and more people connecting with one another online. Around a billion people all over the world go online to use social networks.

Online networks have become mainstream

Figures from mid-2010 show that around 38 million people in Germany use some form of social media – a 47 percent increase over the same period last year. One aspect that hasn't changed is the fact that this trend is still spearheaded by digital natives, i.e. younger user groups. Having said that, the number of people getting involved is growing across all age groups.

Mobile usage driving social media growth

All over the world, social network interaction has evolved into one of the main online activities. In terms of average usage time, online networking has overtaken email while mobile usage is also helping to drive growth in the online networking sector. A large-scale survey conducted by TNS among online users shows that social network usage is set to grow even further, especially on mobile devices. To match this trend, XING is continually working to expand its mobile offering and now provides apps for most smartphones as well as a mobile version of its site.

Key hub for day-to-day business

Working styles are changing, and this is helping to drive the development of social networks. Market researchers at Gartner estimate that social networks will play a central role in every fifth employee's daily routine and overtake email as the main form of business communication by 2014.

Mass media in the true sense of the word

Jobs are actually being turned on their head in light of current developments with Internet users being provided with more and more news from around the globe than ever before. This is of course something that journalists need to adapt to as their readers are no longer just readers; they also provide their own information, comment on articles and perhaps agree or disagree with what the author has written. To this end, people surfing online browse all kinds of sites and use various channels to share content they find interesting with their friends and colleagues. These recommendations create a new type of news network that really is mass media in the true sense of the word. To a large extent, anyone is free to be their very own editor-in-chief.

The upshot of this is that companies and PR departments in particular are having to adapt to the reality that they're no longer in sole control of their communication work. Some people would even go so far as to say that this form of controlled communication has been completely annulled. As a result, many companies are starting to rethink their brand strategy as:

> **"The brand doesn't just belong to the company itself any more. The lion's share of a brand's image is shaped by its users."**
>
> Sascha Lobo, blogger

Members meet up to hold discussions

This new form of direct and open communication is particularly evident in online blogs and forums. Conventional one-way communication has been overtaken by social media with dialogs involving target groups where the rules of the game are yet to be defined.

For individuals this change means that they can now reach out to a large audience by posting comments, questions and blogs. XING has more than 40,000 expert groups where users can exchange views and find useful information about a wide range of topics. The XING platform also gives members an opportunity to meet like-minded people and work colleagues while professional member profiles help to provide an insight into their "counterpart" and forge relationships by organizing real-life events. Together these options help to create the trust required to do business while the professional environment provided by XING ensures that communication is of high quality with every member providing their name and profile when posting content.

XING members build their own online reputation

Members can define their own online reputation by interacting with other community members, e.g. by posting replies in groups or providing job recommendations or references. A personal XING profile is pivotal when it comes to professional reputation management.

To increase their online reputation above and beyond the realms of XING, users can adjust their settings to make their profile and group posts visible to search engines. That way, a professional XING profile will appear in the list of results returned by a search engine. A solid online reputation is well worth the time and effort, e.g. when looking for new business partners or a new job.

Interaction with target groups provides valuable feedback

The online profiles maintained by a company's employees also form an integral part of the company's own online reputation, which is why a lot of companies are now represented on social media platforms, even if they don't have a XING Company Profile yet. Social networks offer businesses a wide range of opportunities to come into direct contact with target groups such as customers, employees or people interested in working for the company. Any company that communicates with business partners and multipliers within the realms of Web 2.0 stands a good chance of generating valuable feedback both for their own brand as an employer and for their products and services. This is a vital tool, especially for smaller businesses as it's not difficult to get involved.

Former colleagues can provide references and follow your career, while satisfied employees, customers and business partners are genuine, trustworthy promoters of your company. Building and managing a network and positive online reputation are therefore key factors when it comes to succeeding in business.

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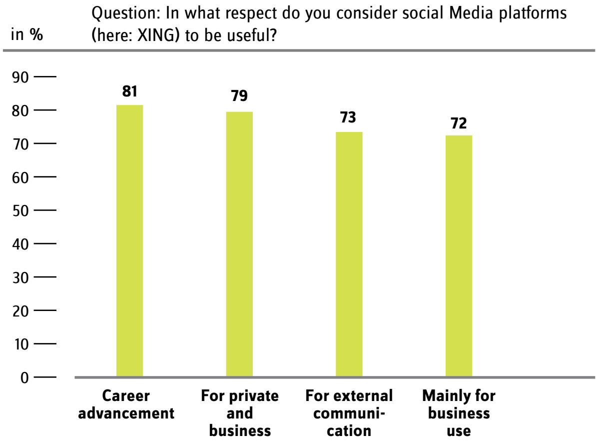
MORE TRUST

percent of experts and managers consider XING to be beneficial to their career*

Managers throughout Germany appreciate XING as a professional networking tool with a focus on career development. Personal contacts can be really useful when changing jobs with personal networks acting as a kind of "safety net". And this is why a positive online reputation is becoming increasingly important, especially in view of the fact that a lot of people expect their career path to change at some point. Against this backdrop, XING provides its members with a range of highly efficient tools based on a professional business profile. On top of that, XING hosts more than 40,000 expert groups and offline events, which can also help to build a sound reputation.

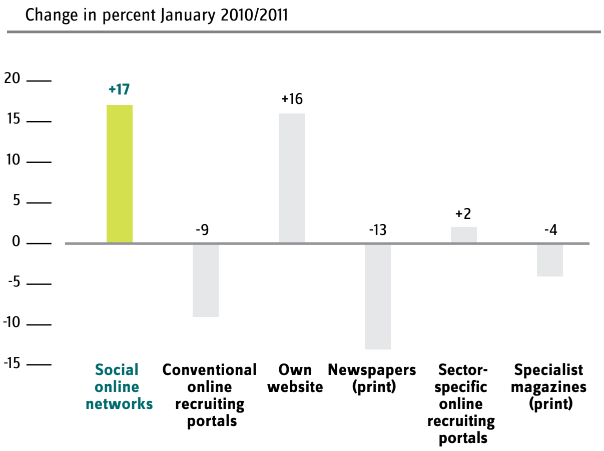
*An online reputation is an essential part of boosting one's career. XING offers its users a professional business profile.

Experts and managers consider XING to be a useful tool, especially when it comes to career development and HR work



Source: SID Social Media Report 2010/2011

Companies are increasingly using online social networks to search for new employees



Source: BITKOM

Managers appreciate XING - especially as a career tool

According to the SID Social Media Report 2010/2011, experts and managers in Germany appreciate XING above all as a business platform with 81 percent using XING mainly as a career tool and for HR work (see chart).

Every fourth employee in major German cities such as Frankfurt or Munich is now a XING member. Around three quarters of Premium Members have already benefitted in some way from their paid membership, be it the acquisition of new business contacts, job offers, new employees, or new business.

Employees move on, the network stays with you

Today, a lot of people are faced with having to change jobs due to a number of circumstances, or decide that they want to change jobs. According to a survey conducted by Kelly Services among 134,000 people worldwide, more than 60 percent of those surveyed said that they will be forced to change career direction at some point in the future. According to "Bewerbungspraxis 2011", 63 percent of people in Germany who are interested in careers are planning to look for a new job in the near future. Putting yourself in the right position within your own industry is a useful step to take before changing jobs, and social networks are becoming an increasingly important part of that. Right now, every fourth person surveyed by Kelly said that they use social media "very actively" in order to construct their own "brand".

When it comes to career changes, your contact network can act as a kind of "safety net". Colleagues and friends of XING members can exchange information about vacant job positions, other useful contacts, and recommendations. XING supports its members in particular by offering the following efficient networking tools:

A XING profile is the linchpin of a sound online reputation

Everyone should be aware of what appears when they search for their own name in a search engine. XING makes sure your professional profile is right up there at the top of the results list so you always make a good first impression. XING members can therefore use their profile as a digital business card that provides information about their career to date along with their skills set covered by the "Haves" field in their profile. A good photo can also help you give your online business card a personal touch, and care should be taken to make sure the photo is in keeping with the business environment in which it will appear.

When adding contacts, you are free to choose the personal information you want to share with that particular person. So if someone decides not to make their profile visible to search engines, they can go to their privacy settings and make the necessary changes.

XING members are active in more than 40,000 specialist groups

The XING community stands out from the crowd because of its intense involvement in discussions reflected in the form of group posts. The groups on offer on XING range from university alumni and former employee groups such as "The Greater IBM Connection in Germany" with almost 9,700 members to international groups such as "Global Exchange" through to large career groups where members exchange views and information on careers, job interviews, and labor law.

XING groups often host in-depth discussions about certain industries, while also providing newcomers with an opportunity to present themselves and connect with people from their local area or from the same industry. XING's Ambassador program and its 288 global contacts help provide members with local support for specific communities and act as a point of contact for almost every type of industry. This is also an easy way to create a long-lasting positive image as a skilled colleague or industry expert. Posting useful information in group forums is also an ideal way of boosting your reputation within a community.

Comprehensive event tool to link online with offline networking

Personal contact is still a key part of business, which is why XING members organize around 180,000 events each year. These events are an excellent opportunity to generate new contacts and foster existing ones within a relaxed atmosphere. Business may not necessarily be at the top of the agenda at such events, but later on it could prove effective from a business perspective as personal contact forms the basis for building trust - an essential component for doing business. After acquiring amiando in December 2010, XING has made event management even easier with members now having access to an integrated tool allowing them to organize events, manage the registration process, issue tickets, and handle billing.

"Nowadays hardly anyone stays with one single company until they retire. A lot of people change employers several times, they even relocate to different cities too. Over time these people build up a professional network that they can take with them wherever they go. This provides them with a bit of security in a constantly changing world."

Dr. Stefan Gross-Selbeck,
CEO XING AG

Tips for reputation management on XING:

PROFESSIONAL ONLINE BUSINESS CARD

It's well worth keeping your profile up to date. Put yourself in the position of people who want to read your profile and then add keywords in your "Wants" and "Haves" boxes in your profile that could be relevant to recruiters.

And a good photo rounds out your overall profile, so make sure that it is in keeping with the business environment in which it will appear. Photos and comments should not generally be posted without putting any thought into them.

Tip: Background and lighting are often the key to a good photo.

CONSTRUCTIVE GROUP POSTS AND STATUS UPDATES

You can help boost your own reputation by posting useful information in XING groups. On top of that, you can also choose whether posts in public groups can be found by search engines, thus increasing the level of impact beyond the XING community. Status updates are also a great way of drawing attention to yourself as people often click on the profile of the person who added the post to find out more.

Warning! Spam risk: It's best not to go overboard with status updates and content should be relevant to your network.

REAL-LIFE EVENTS ALSO HELP TO FOSTER BUSINESS RELATIONS

Your personal online reputation is interlinked with your real-life reputation, which is why XING offers its members the opportunity to organize offline events. XING's members currently organize around 180,000 events each year.

Personal contact with other XING members helps to build trust – an essential part of business.

GIVE AND TAKE

Being helpful with no ulterior motive is a great way of gaining respect in a community. The following are good examples of this: Introducing contacts to one another, recommending an interesting job ad to someone, writing someone a reference or letter of recommendation to go with their CV.

Recruiters now also go online to find what they're looking for

According to a survey conducted by BITKOM, the Federal Association for Information Technology, Telecommunications and New Media, half of recruiters in Germany already use the Internet to find out more about job applicants. Twenty percent of HR bosses and managers use online business networks to find the information they're looking for, which is why it's vital for job-seekers or people looking to switch jobs to make sure their business profile is up to date.

More than 75,000 recruiters use XING to look for potential candidates as well as people who aren't necessarily looking to change jobs. Potential candidates and recruiters also have the opportunity to build a long-term relationship on XING to make sure that the job is right for that particular person.

XING Jobs: The integrated recruiting portal

Anyone in the market for a new job can browse XING Jobs for current vacancies and see whether they know someone at the company or someone who is already connected to an employee at the company. Second-level contacts are ideal proof of just how useful networking can be.

The number of companies that posted job advertisements on social networks rose dramatically in 2010 with a BITKOM survey showing a 17 percent increase to 29 percent. No other job advertising sector is growing at this rate. In fact, the number of ads placed on conventional online recruiting portals and in print media is currently in decline.

Determine corporate culture early on

Companies such as Metro or o2 have created groups on XING which are aimed at people interested in the company and also provide job applicants with an opportunity to find out more about the firm, e.g. before attending an interview. This also gives potential job candidates an insight as to whether they would fit into the corporate culture. Company Profiles can also be used to see which skills are required for a vacancy by looking at the profiles of other employees at the company.

Application portfolio 2.0 – The XING profile

Around two thirds of all applications submitted in Germany are electronic (via email and/or online application form). XING has taken another step towards simplyfing this process as more and more recruiters view XING as a replacement for a CV or application portfolio. One such example is where people interested in the Vodafone trainee program simply click on a single link to their XING profile, and that's it. This also helps to avoid apprehension when getting in touch with the company as spontaneous applications are quick and easy to submit.

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MORE BENEFITS

percent of companies in Germany think that social media have a key part to play in the world of business.*

It doesn't matter whether customers, employees or job candidates are your target group – they're all available via social media. More and more companies are now following this trend by creating their own social media presence. Companies can use XING to reach the lucrative target group made up of business professionals. Some 1.8 million unique users every month are employees with an academic education or a net monthly household income of €3,500 or more (AGOF internet facts III 2010). Companies can take advantage of XING as a way of building long-term relations with this target group and helping to define their online reputation. Strategic goals such as employer branding are of interest to companies of all sizes, so we've compiled a few simple tips to make sure your venture into the world of social media is a success.

* Social media have arrived in the business world. Many companies expect social media to become increasingly important and are planning to invest in social media.

Social media have arrived in the business world

Source: SID/FIT Social Media Report 2010/2011

Economic benefits of social media

The majority of managers see tangible benefits in Web 2.0

77%	Increasing speed of access to knowledge	Internal purposes
60%	Reducing communication costs	
63%	Increasing effectiveness of marketing	Customers
50%	Increase customer satisfaction	
57%	Increasing speed of access to knowledge	External partners/ suppliers
53%	Reducing communication costs	

Source: McKinsey&Company

Companies follow their target groups by investing in social media

More than half of all companies across the globe have a social media presence, with the remainder currently weighing up the pros and cons of getting involved. Every third bank in Germany is planning to invest in a social network by 2013 as part of their sales activities. According to a BITKOM survey, the majority of IT and telecommunications firms plan to increase their investments in social media. A study conducted by management consultancy McKinsey showed that it's in most companies' interest to have a social media presence, in particular in order to improve access to information and reduce communication costs for both employees and business partners. It also makes marketing more efficient and boosts customer satisfaction at the same time.

Companies determine their own reputation with a XING Company Profile

More than 40,000 companies have created a XING Company Profile since their launch over a year ago. In mid-2010, we successfully expanded our offering to incorporate freelancers and one-man companies looking to increase their reach both within and beyond the business community.

Once a company has created a Company Profile, it can be found on XING and by search engines together with the following information: Contacts, employees, statistics, jobs, and company updates and tweets that XING members can subscribe to. This helps businesses to shape their online reputation, particularly as an employer. To this end, Stefan Schmidt-Grell, Director Product Marketing at XING AG, provided more information during a Q&A session:

3 Questions to Stefan Schmidt-Grell

What form does employer branding take in the business community?

A lot of people looking to apply for a job visit XING first to find out more about the company in question. To be more specific, potential candidates generally look in group forums or the company's profile as this is where the business imparts its corporate culture along with press releases, links to external sites, photos, videos, and tweets.

On top of all that, groups are also an excellent way of maintaining contact with employees, people interested in the company, and former employees. That way, companies still get to retain valuable information even if employees decide to leave. It also helps to reduce recruiting costs while providing people interested in the company with a clear insight into how the company ticks.

Is employer branding only something large companies should think about?

Employer branding is important to SMEs, especially when there's a lack of skilled employees. Corporate values such as a healthy work-life balance and diversity management can help businesses to stand out from the crowd while increasing motivation levels and loyalty among employees at the same time. Having said that, employer branding isn't something that should be dived into overnight. Recruiters on XING take the time to build long-term relations with job applicants as this guarantees that the recruiting process is a success which in turn saves both time and costs.

How is XING different to conventional online recruiting portals?

XING combines the functions of e-recruiting with the benefits of a social network. Job-seekers are able to actively search for suitable vacancies while recruiters are able to get in touch with people who are open to opportunities but not necessarily looking to move. The initial contact doesn't necessarily lead to someone being hired straight away. Potential candidates and recruiters often take the time to build long-term relations.

XING hosts an appealing target group made up of business professionals

XING paves the way for companies to get in touch with an excellent target group. Some 3.8 million unique users visit XING every month (AGOF internet facts-III 2010), and 1.8 million of those are employees with an academic education or a net monthly household income of €3,500 or more. When combined with XING's reach, this special business group is of interest both to HR decision-makers and PR experts.

XING makes sure advertising is both effective and accepted by users

The upheaval in the media industry has seen advertising budgets shifting more and more towards online advertising. According to Nielsen Media Research, in 2010, online advertising expenditure enjoyed its largest year-on-year percentage growth (+34.8 percent). XING is a highly attractive platform for advertising customers as no other community is as active as XING's members who visit the site more often and spend more time there compared to other sites.

Businesses can place display advertisements, advertise their products and services in the Best Offers section and link them to the platform's networking features. The hotel reservation service HRS has integrated its services in the XING Events section with users intuitively directed to their offering.

Carsten Ludowig, Director Advertising & Partnerships at XING, explained why advertising works so well on the platform:

> "XING is ideal for branding campaigns. We only allow one display advertising format per page which helps to increase the impact branding has on the target groups while also achieving exclusivity for our customers."
>
> Carsten Ludowig,
> Director Advertising & Partnerships at XING

When it comes to advertising, XING pays particular attention to given formats and respects user needs – just as it does in other areas (see info box "Privacy at XING"). Users shouldn't be disturbed by advertisements - they should be presented with targeted campaigns that provide genuine added value.

Room for improvement in terms of guidelines

A lot of companies have yet to draft employee guidelines. This is actually vital as employees also represent the company they work for when using social networks and therefore have an impact on the firm's reputation. According to BITKOM, only one in three companies in the IT and telecommunications industry already has guidelines in place, although many more currently have such plans in the pipeline.

Tips on how companies can get involved in social media

DETERMINE TARGET GROUPS AND GOALS

Before getting involved, decide who you want to reach via which channels. With XING you can reach out to a highly active group of business professionals with authentic profiles.

Determine specific goals as this allows you to measure success.

MANAGEMENT AND MONITORING

These new communication tools require active management, so make sure you appoint people to look after them. You can assign people as moderators for XING groups as well as editors for your Company Profile.

Keep an eye on discussions involving your company, and make sure you get involved if necessary.

ENCOURAGE DISCUSSION. POST RELEVANT, UP-TO-DATE INFORMATION MAKE SURE YOU ACT SWIFTLY IF CRITICIZED

Your target groups are contacts you need to take seriously. In the age of real-time communication, messages should be up to date and relevant to the intended recipient in order to achieve maximum impact. How fast you react to a situation can have a drastic effect on the direction a discussion takes. Submission deadlines are now a thing of the past.

DRAW UP GUIDELINES FOR STAFF

Companies should introduce their employees to social media as they can help protect a company's reputation provided they're also aware of the risks.

TIPS FOR EMPLOYEES ON USING SOCIAL MEDIA

Transparency and honesty are vital – so make sure it's clear who is speaking and in which capacity. Determine who is responsible for what – especially in times of crisis. Employees are often able to provide the company with key new developments as they often use social media in a private capacity.

TURN SINCERITY INTO OPPORTUNITY

An open and creative corporate culture opens the door to a wide range of opportunities with innovation often generated through new connections. Make your customers and employees happy and you will enjoy a positive social media image.

XING takes its members' privacy and data very seriously by integrating a number of innovative features within its secure networking environment. Data protection at XING is based on the following principles:

RESPONSIBILITY

XING's business model is not aimed at utilizing its users' data. We take a responsible approach when it comes to handling member data.

GERMAN SECURITY

XING is bound by German data protection laws, which are some of the strictest in the world. The overriding principle here is "prohibition pending approval", which stipulates that data may not be collected, processed or utilized without the express permission of the user or without prior legal permission.

INFORMATION AND TRANSPARENCY

XING's inhouse security team provide the "Security at XING" page containing detailed information about the data protection and privacy measures in place. One such example is the fact that we're the only social network in the world to encrypt all of the data traffic generated by logged-in members as standard.

We sensitize our users in terms of data protection issues, provide recommendations ("What you can do" tab), and report on various security topics in our weekly newsletter and on our homepage.

It's really easy to find XING's privacy policy from anywhere on the site.

USER CONTROL

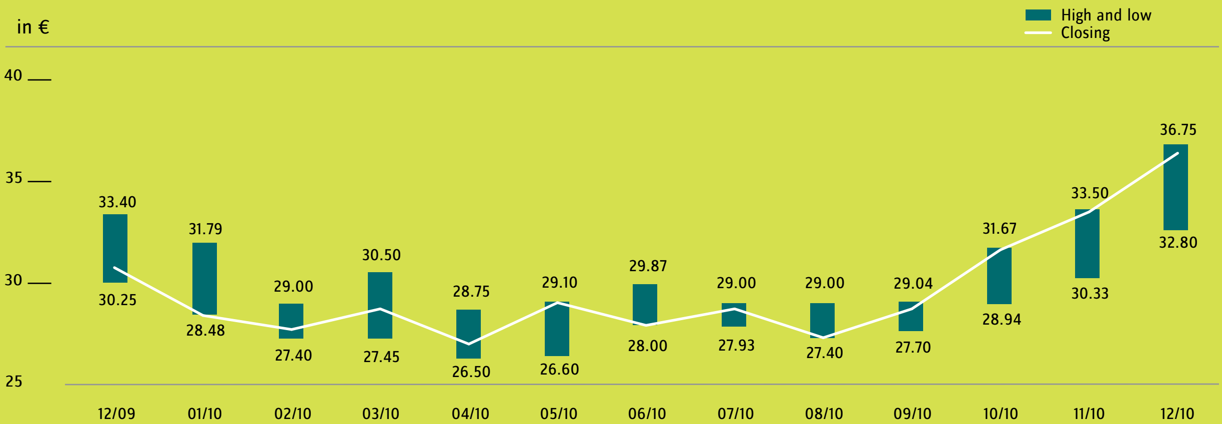
We adhere to the principle that every XING member should retain control over his or her own data.

Users can choose what personal information they want to share with each contact and customize their privacy settings. One such setting is whether or not your profile can be found by search engines.

XING share

XING share data	
Number of shares	5,291,996
Type of share	Registered shares
IPO	07/12/2006
Trading Symbol	O1BC
Securities identification symbol (WKN)	XNG888
ISIN	DE000XNG8888
Bloomberg	O1BC
Reuters	OBCGn.DE
Market segment	Prime Standard
Stock exchanges	Berlin, Hamburg, Dusseldorf, Frankfurt, Munich, Stuttgart

XING share price development (high and low) Dec. 2009 to Dec. 2010



Figures of XING shares, at a glance	2010	2009	2008	2007
XETRA closing price on December 31	€36.35	€30.80	€27.00	€44.21
High	€36.75	€36.00	€45.55	€50.79
Low	€26.50	€28.50	€23.59	€26.00
Market cap end of period	€192 million	€162 million	€140 million	€230 million
Average trading volume per day (XETRA)	9,619	10,851	7,472	10,981
TecDAX Ranking				
based on order book turnover (12 month average)	35	32	35	58
based on freefloat market capitalization	44	33	37	49
Earnings per share (undiluted)	€1.37	€(0.33)	1.41	€1.10
Equity per share	€11.56	€9.99	€10.06	€8.84
Number of shares	5,291,996	5,271,773	5,272,447	5,201,701

In the 2010 financial year, around 2.5 million XING shares were traded on XETRA and via open outcry trading with an average daily turnover of 9,619 - the same level as last year. At the end of 2010, XING was ranked 35th in the TecDAX index in terms of market capitalization and 44th in terms of trade turnover. In the first two months of the current financial year, XING AG successfully improved its position in terms of trade turnover. At the end of February, XING reached 38th place, rising six places in just two months. During the same period, the Company retained 35th place in terms of market capitalization.

After a volatile 2009 financial year defined by a number of organizational changes, XING AG enjoyed an extremely positive 2010 both from an operative and financial perspective. This in turn had an overall positive impact on the Company's share price despite the fact that it stood at €30.80 at the start of 2010 and actually dropped slightly to an annual low of €26.50 during the first half of the year. The results for Q1 2010 showed that the incremental improvements XING AG announced in 2009 were bearing fruit with the Company observing an upswing in results during subsequent reporting periods. As a result, demand for the XING share increased significantly upon publication of the Company's H1/2010 report. The announcement of the Company's acquisition of Munich-based amiando AG also impacted on the share price which rose to an annual high of €36.75 in December. The XING share ended 2010 at a price of €36.35 and performance of 18 percent. Market capitalization rose by around €30 million during the course of the year to more than €190 million.

Stock market performance

Following on from the recovery phase in 2009, shareholders were able to look forward to positive price developments across all key indexes in 2010. In March 2010, the DAX index hit the 6,000-point mark for the first time ever and even topped 7,000 points at the start of December. Due to its relatively weak development over the past three years, the SDAX index had the greatest potential for recovery and rose by 46 percent during 2010. The XING share price grew by 18 percent during 2010, meaning that it just surpassed the direct benchmark index TecDAX. Long-term investors in particular can be very happy with their investment in XING as the share price has risen by 19 percent from the Company's IPO in December 2006 to the end of December 2010. This means that the XING share developed better than the TecDAX (+14 percent), DAX (+5 percent), and the SDAX (-7 percent) during this period.

Performance of XING stock vs Indices

in %	2010	2009	2008	2007
XING	18	14	(39)	44
TecDAX	4	61	(48)	30
DAX	16	24	(40)	22
SDAX	46	27	(46)	(7)

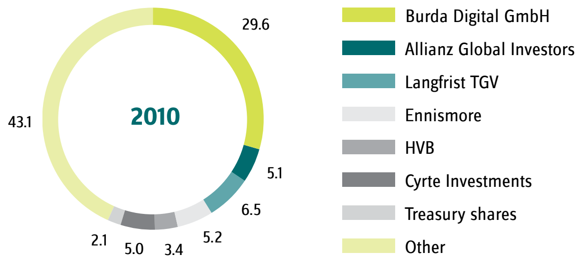
Changes in shareholder structure

XING AG welcomed a number of new investors during 2010.

Shareholder structure

The number of shareholders in 2010 increased by more than 15 percent to 2,300 (as of March 10, 2011; previous year: 2,000). Allianz Global Investors, HVB Principal Equity and Cyrte Investments were among the institutional investors that exceeded the reporting threshold of three or five percent in 2010.

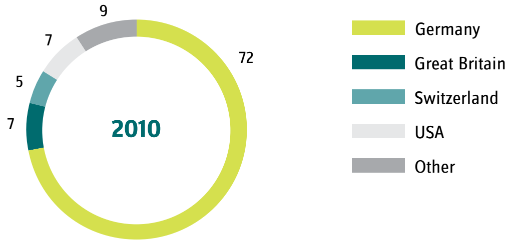
Shareholder structure (as of March 20, 2011) in %



Geographical distribution of XING shareholders

The number of foreign investors rose by almost 2 percentage points in 2010. In terms of distribution by country, the Company observed an increase of 4 percentage points in the number of US investors.

Shareholder structure per region (as of Dec. 31, 2010) in %



Stable Annual General Meeting attendance

XING AG's Annual General Meeting was held on May 27, 2010, in Hamburg, Germany. Around 60 shareholders representing 54 percent of the Company's capital (previous year: 58 percent) attended the meeting in Hamburg-Schnelsen, which is where this year's meeting will be held on May 26, 2011.

Investor Relations activity

One of the XING Investor Relations department's main tasks is to attract investors to the XING share while also maintaining positive relations with existing private and institutional investors. To this end, in 2010 the Executive Board and Investor Relations department organized a number of roadshows and attended various capital market conferences both in Germany and overseas. Roadshows and conferences are usually organized by banks whose analysts cover the XING share and make corresponding investment recommendations. This provides the management team with an excellent opportunity to highlight the appeal of investing in the XING share to potential investors (around five or six per roadshow or conference day). XING's Executive Board travelled to cities such as Frankfurt, London, Paris, Geneva, Zurich and Vienna to meet with over a hundred existing and potential investors. Similar measures are already in the pipeline for 2011 such as a US roadshow in New York and Boston in April 2011. This will help to give the Company a renewed opportunity to attract potential investors in North America. Please refer to our financial calendar for more information: http://corporate.xing.com/english/investor-relations/financial-calendar/.

XING share under observation

XING AG is one of the few companies to receive relatively widespread analyst coverage and interest although it is not affiliated with a particular index. The XING share is currently being actively covered by six brokers, four of which make an explicit recommendation to purchase shares. Targets were quoted at between €36 and €60 with effect of the publication date of this Annual Report.

Analyst recommendations	Recommendation	Price target
Close Brothers Seydler	Buy	€60
Deutsche Bank	Buy	€51
DZ Bank	Buy	€42
Hauck & Aufhäuser	Buy	€46
HSBC	Hold	€36
Montega AG	Sell	€36

Additional sources of information for investors:

Twitter: xing_ir
(information and news relating to the capital markets)
Twitter: xing_de
(topics and news related to the Company in general)
Twitter: xing_com
(corporate information and news in English)
http://blog.xing.com
(the XING AG corporate blog is available in four languages)
http://corporate.xing.com/deutsch/investor-relations/
(The XING AG Investor Relations site)
https://www.xing.com/net/pri1a41bcx/Anlegerforum_XING_Aktie
(German-language forum for XING investors)

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

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REPORT OF THE SUPERVISORY BOARD

In the following report, the Supervisory Board provides information concerning its work carried out in the course of last year.

The Supervisory Board extensively accompanied the successful development of the XING platform in 2010 and exercised great care in carrying out the tasks which it is required to perform in accordance with the law and the articles of incorporation. The Supervisory Board provided advice and support to the Executive Board with regard to management of the rapidly expanding company and also monitored management. In 2010, the Supervisory Board also had to cope with challenges posed by personnel changes in the Supervisory Board and the Executive Board.

Change in the Supervisory Board and Executive Board

In December 2009, Lars Hinrichs stepped down as a member of the Supervisory Board. He stepped down from the body at his own request. Mr. Fritz Oidtmann was appointed as his successor by the Amtsgericht (Local Court) Hamburg as of January 18, 2010 until the end of the next ordinary shareholders' meeting. The appointment of Mr. Oidtmann was confirmed at the ordinary shareholders' meeting 2010.

In February 2010, Burkhard Blum stepped down from his office as Chief Operating Officer. He has left the Company at his own request in order to face new business challenges. Burkhard Blum has made a major contribution to the success of XING AG. During his period of office in the Executive Board, revenues and profits increased many times. There are no plans for a successor to be appointed to this position on the Executive Board. Legal, Mergers & Acquisitions, Company and Market Development as well as Project Management have been spread over the four remaining Executive Board divisions.

Dr. Eric Archambeau stepped down from his office as a member of the Supervisory Board as of November 26, 2010. He has played an essential role in the process of setting up XING AG. The Amtsgericht (Local Court) Hamburg has appointed Dr. Andreas Meyer-Landrut as his successor until the next ordinary shareholders' meeting.

Mr. Michael Otto laid down his office as Chief Technical Officer as of January 31, 2011. He was responsible for project management, technological improvement as well as the implementation of new functionalities of the XING platform. During the past seven years, Mr. Otto has made a considerable contribution to the technological development of the XING platform and, after the acquisition of part of the operations of epublica GmbH, successfully oversaw the integration of the transferred employees during the past two years. Mr. Jens Pape has been appointed as his successor, and will take up his office on March 1, 2011.

Key areas of monitoring and advice

The Executive Board has reported regularly in verbal and written form on the development of the Company, transactions, investment projects, as well as personnel planning. In addition to its traditional monitoring duties, the Supervisory Board was also extensively involved in strategic and organizational decision-making processes. The Supervisory Board was available to provide advice to the Executive Board particularly with regard to matters of international and organizational focus.

Seven meetings of the Supervisory Board were held last year. The meetings of the Supervisory Board were attended by all members of the Supervisory Board in office at the particular time. In addition, telephone conferences were also held with the assistance of all members of the Supervisory Board, and resolutions were also adopted in writing. The Supervisory Board was promptly involved in all major decisions which were of fundamental importance for the Company.

The Supervisory Board has dealt with the following issues:

At the beginning of 2010, the Supervisory Board discussed and approved the budget plan for 2010 presented by the Executive Board. The statement of compliance in accordance with Section 161 AktG was also adopted. This statement of compliance was published without delay on the Company's web site.

In February, the Supervisory Board dealt with the decision of the member of the Executive Board Burkhard Blum to step down from his office.

On March 15, 2010, the Supervisory Board first considered and then voted on the extension of the advertising marketing agreement with the Adconion Media Group.

The annual financial statements, the management report, the consolidated financial statements and the group management report for 2009 were discussed at the accounts meeting of the Supervisory Board held on March 25, 2010. The auditor explained the financial statements, and the Chairman of the Supervisory Board reported on the results of the Audit Committee. The Chairman of the Supervisory Board also reported on the measures and results of monitoring the internal risk management and compliance system. The further resolutions related to the draft of the report of the Supervisory Board as well as the planned resolutions of the shareholders' meeting of XING AG on May 27, 2010.

In the meetings in May 2010 and July 2010, the Supervisory Board considered the product offensive planned for September and the related advertising campaign.

In a meeting held in September 2010, the Executive Board reported on the initial results of the product offensive and the advertising campaign. The results of a risk management workshop held in July 2010 were also presented, and the effectiveness of the countermeasures which were taken was reviewed.

In its final meeting in December, the budget for 2011 was discussed and approved. The Supervisory Board appointed Jens Pape as CTO with effect from March 1, 2011, and approved an employment agreement to be concluded with him. The strategic refocusing of international business and the associated need for an impairment to be recognized were also discussed. An agreement concerning legal advice with the lawyers' office DLA Piper, where the Supervisory Board member Dr. Meyer-Landrut is a partner, was approved by the Supervisory Board. Dr. Meyer-Landrut abstained from voting in this respect.

The Supervisory Board extensively considered the company purchase agreement relating to amiando AG and approved this agreement. The Supervisory Board took account of an existing conflict of interest in the person of the Chairman of the Supervisory Board, who was simultaneously involved as the representative of a shareholder of amiando AG on the vendor side as follows: The Chairman of the Supervisory Board did not attend the discussions concerning the agreement, and abstained from voting with regard to the resolution.

Report from the committees

In 2010, the Supervisory Board had created an Audit committee, a Personnel Committee, and a Nomination Committee. Two meetings were held in each committee which had been created. Six committee meetings in total were held.

In one meeting, the Audit Committee considered the audit of the annual financial statements, the consolidated financial statements as well as the respective management reports, the audit reports of the auditor, the proposed appropriation of profits as well as the interim reports to be published. Discussions were held with the auditor with regard to issues relevant for audit purposes. The Audit Committee carried out the preparations for the Supervisory Board to obtain the statement of independence of the auditor in accordance with point 7.2.1 of the German Corporate Governance Code, issuing the audit engagement to the auditor and defining the key aspects of the audit as well as the auditor's fee. In another meeting, the Audit Committee arranged for the Executive Board to report on risk management and compliance in the Company.

The Personnel Committee is responsible for the employment agreements with members of the Executive Board, Executive Board remuneration as well as other matters relating to the Executive Board. In one meeting in 2010, it discussed the decision of Burkhard Blum to step down from his office. In another meeting, the Personnel Committee discussed the search for a new CTO after Michael Otto decided not to extend his employment agreement which was due to expire. Further key aspects were the remuneration system and Executive Board remuneration particularly in view of the newly created rules of the VorstAG.

With regret, the Supervisory Board in October accepted the decision of Dr. Eric Archambeau to resign as a member of the Supervisory Board. The Nomination Committee accordingly had to hold two meetings to consider preparations for the Supervisory Board election in 2011 and the court appointment of Dr. Andreas Meyer-Landrut as the successor to Dr. Archambeau until the shareholders' meeting of 2011.

In its December meeting, the Supervisory Board decided to wind down the committees which had previously been created.

Corporate Governance

The Executive Board and the Supervisory Board report on corporate governance at XING in accordance with point 3.10 of the German Corporate Governance Code in the Corporate Governance Report. In February 2010, the Executive Board and Supervisory Board submitted the annual statement of compliance, which is set out in the Corporate Governance Report. XING AG meets most of the recommendations and is committed to good corporate governance as an integral part of corporate management.

Annual and consolidated financial statements

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in Hamburg has audited the annual financial statements for 2010 prepared by the Executive Board in accordance with the rules of the German Commercial Code (Handelsgesetzbuch; HGB) and the management report of XING AG, and has awarded an unqualified auditor's opinion. This is also applicable for the consolidated financial statements prepared in accordance with Section 315a HGB in line with the International Financial Reporting Standards (IFRS) and the group management report of XING AG for 2010, which have also been provided with an unqualified auditor's report.

The consolidated financial statements and the annual financial statements, including the group management report and the management report, as well as the audit reports of the auditor and the proposal of the Executive Board regarding the appropriation of profits were provided in plenty of time to the Supervisory Board in order to be reviewed, and were extensively discussed. The auditors attended the deliberations concerning the documents in the Supervisory Board, and reported on the major results of their audit. They were available at all times to answer questions and provide information to the Supervisory Board. In connection with the audit of the financial statements and the proposal of the Executive Board with regard to the appropriation of profits, the Supervisory Board also discussed the accounting policy and financial planning of the Executive Board in both bodies.

Based on the final result of its own audit, the Supervisory Board did not have any objections to the submitted annual financial statements, the management report as well as the consolidated financial statements and the group management report and, after completing its own review, approved the result of the auditor concerning the audit of the annual financial statements and consolidated financial statements as well as the management report and the group management report of XING AG.

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

Closing remarks

The Supervisory Board wishes to thank all members of XING and the shareholders for their trust. The Supervisory Board wishes to thank the member of the Supervisory Board Eric Archambeau, who has stepped down from his office, the members of the Executive Board and all members of staff for their commitment and their work. They have together made a contribution to a successful 2010.

Hamburg, March 29, 2011

Dr. Neil V. Sunderland
Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

The aim of Corporate Governance is to ensure the responsible management and control of companies with a focus on long-term value growth. Like many other public companies, XING AG adheres to the recommendations and guidelines set out in the German Corporate Governance Code ("Code"), which is aimed at making German legislation for corporate governance transparent for investors in order to boost trust in German business management. XING AG complies with most of the recommendations and is committed to good Corporate Governance as an integral part of management.

Corporate Governance at XING

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

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

Management and control structure

As a German joint stock corporation (Aktiengesellschaft), XING AG is subject to German stock companies law and thus has a two-fold management and control structure with three members of the Executive Board and three members of the Supervisory Board. The Supervisory Board currently consists of two shareholder representatives and one other representative that advise and monitor the Executive Board's management of the Company.

Executive Board

The Executive Board manages the Company according to joint stock corporation law with the aim of bringing about long-term value growth for shareholders. In consultation with the Supervisory Board, the Executive Board defines and develops the strategic alignment of the Company. As Chief Executive Officer (CEO), Dr. Stefan Gross-Selbeck is responsible for the International, Corporate Strategy, Corporate Development, HR and Corporate Communications divisions. As Chief Financial Officer (CFO), Ingo Chu is responsible for the areas of Accounting, Controlling, Investor Relations, Legal and Business Intelligence. Dr. Helmut Becker oversees Marketing, Sales and Product in his capacity as Chief Commercial Officer (CCO). As Chief Technical Officer (CTO), Michael Otto was responsible for the technical development and operation of the XING platform as well as for implementing new features and project management until his departure on January 31, 2011. Jens Pape succeeded Michael Otto on March 1, 2011. Burkhard Blum left his position as Chief Operating Officer (COO) on February 14, 2010. Responsibilities for Legal, Mergers & Acquisitions, Corporate and Market Development and Project Management were divided among the four remaining members of the Executive Board.

Supervisory Board

The Supervisory Board monitors and advises the Executive Board to ensure that it manages the company in an orderly fashion and according to joint stock corporation law. It appoints members of the Executive Board and is required to authorize any major business transactions the Executive Board intends to carry out such as the acquisition of Munich-based amiando AG. The Supervisory Board consists of three members. Since XING Founder Lars Hinrichs stepped down from his post in January 2010, the Supervisory Board is no longer made up of any former members of the Company's Executive Board. In January 2010, Fritz Oidtmann was appointed to XING AG's Supervisory Board as Lars Hinrichs' replacement. In November 2010, Dr. Eric Archambeau resigned from his seat on the Supervisory Board. Dr. Andreas Meyer-Landrut was appointed as his successor until the next Annual General Meeting. The Company has taken out a D&O insurance (professional liability insurance) for the Executive Board and Supervisory Board, as well as managers of the Group companies, that does not include a deductible. In 2010, the Supervisory Board created an Audit Committee, a Personnel Committee, and a Nomination Committee. Two meetings were held for each committee, amounting to a total of six in 2010. During a meeting in December, the Supervisory Board decided to dissolve these committees.

Committees

The Audit Committee deliberated on the audit of the Company's annual financial statements, the consolidated financial statements and the corresponding management reports, the audit reports of the auditor, the proposed appropriation of profits and also the interim reports to be published. Discussions were held with the auditor on audit-related topics. The Audit Committee prepared the application for the statement of independence of the auditor in accordance with point 7.2.1 of the German Corporate Governance Code, the awarding of the audit engagement to the auditor and the definition of the main aspects of the audit and the fee of the auditor to be approved by the Supervisory Board. Another meeting was held in order for the Audit Committee to receive briefings from the Executive Board on risk management and compliance in the Company.

The Personnel Committee is responsible for contractual employment terms and compensation of members of the Executive Board, as well as other matters concerning the Executive Board. In 2010, the Personnel Committee handled Burkhard Blum's departure from the Executive Board and the hiring of a new CTO after Michael Otto announced his decision not to renew his employment contract. Other points of deliberation included the compensation system and Executive Board compensation with due consideration of the newly enforced German Act on the Appropriateness of Management Board Compensation (VorstAG).

In October, the Supervisory Board accepted the resignation of Dr. Eric Archambeau as member of the Supervisory Board with regret. The Nomination Committee used its two meetings to prepare for the Supervisory Board elections to take place in 2011 and to legally appoint Dr. Andreas Meyer-Landrut as Dr. Archambeau's successor until the 2011 Annual General Meeting.

Acquisition of amiando AG and role of the Supervisory Board

The Supervisory Board examined and approved the contract to acquire amiando AG which was signed on December 9, 2010. To this end, the Supervisory Board observed a conflict of interest in the form of its Chairman, Dr. Neil Sunderland, who was also a shareholder representative for amiando AG. As a result, he did not participate in discussions regarding the acquisition contract and abstained from submitting a verdict once deliberations were complete. Dr. Eric Archambeau was both a member of the XING AG Supervisory Board until his departure in November and member of the amiando Supervisory Board in the form of an investor representative. He resigned from his seat on the XING Supervisory Board on October 29 and formally left the Board on November 26. Until leaving his position on the Supervisory Board, Eric Archambeau also refrained from taking part in any of the discussions regarding the amiando acquisition and was no longer a member of the XING AG Supervisory Board when the decision was taken to acquire amiando AG.

Risk management

Comprehensive Corporate Governance also includes an active and continuous risk management policy. Permanent monitoring and management of risk is one of the key duties of every public company. For this purpose, the Company has implemented the early risk-recognition system required in accordance with section 91 (2) AktG and continuously develops it within the context of current market and company developments. The Group auditors inspected the functionality of the system, and confirmed.

Transparency

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

As of December 31, the Executive Board did not hold any XING shares. Information on compensation to the Executive Board is included in the compensation report. 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

The Executive Board and Supervisory Board declare that since the last statement of compliance was submitted, XING AG has complied with the recommendations of the "Government Commission Corporate Governance Code" in the version dated June 18, 2009, and has complied and will comply with the version dating May 26, 2010 from its date of validity, with the following exceptions:

2.3.3 line 2 - Postal voting

The Company's Articles of Association does not allow for postal voting. The Company already offers the option of arranging for a representative to execute shareholders' voting rights in accordance with instructions both prior to and during the Annual General Meeting. The Executive Board and Supervisory Board are of the opinion that offering postal voting in addition to this would incur excessive administrative costs.

3.8 (3) – D&O insurance deductible for Supervisory Board members

XING AG has taken out a D&O insurance for its Supervisory Board that does not include a deductible. The Executive Board and Supervisory Board take the view that a D&O insurance deductible does not constitute an adequate means of achieving the Code's objectives. Deductibles of this kind are generally insured by the Board members themselves, so that the actual purpose of the deductible is nullified.

4.2.3 (4) and (5) – Remuneration of the Supervisory Board members – Settlement cap

The Code stipulates that contracts for Executive Board members must specify that settlement payments including bonuses to Board members in the event of a premature cessation of duties be capped at a maximum amount of twice the annual remuneration to said Executive Board member, except in cases of good cause (settlement cap), and that said payments be made for a term equal to or lesser than the remaining term of contract.

Up until February 2011, in two cases, XING AG did not agree upon settlement caps in its Executive Board contracts. In one case the contract term only amounted to two years, meaning that premature termination of contract without good cause would not have exceeded the two years' compensation cap so a settlement cap was not contractually agreed on. In the other instance, a settlement cap could not be enforced during contractual negotiations as it is at odds with the basic understanding of a regular Executive Board contract, which was agreed upon for the duration of the term and cannot be terminated without good cause. In this case, the Supervisory Board deliberately decided against offering a reduced contractual term in order to ensure management continuity over a longer period of time.

In the event of a premature, amicable termination of an Executive Board contract or when concluding new Executive Board contracts, the Company will endeavor to act in accordance with the fundamental idea behind the recommendation. All but one of the current Executive Board contracts have a settlement cap.

Furthermore, the Code stipulates that a settlement due to premature cessation of Executive Board duties due to a change of control should not exceed three times the annual remuneration. One current Executive Board contract stipulates that in the event of a change of control under certain conditions, remuneration be paid at the contractual amount for the remainder of the term of contract or at least for a term of 1.5 years, whichever is greater. The same Executive Board contract stipulates that in the event of a change of control, a cash payment be made to the Board member at the amount of issued but not yet exercised stock options. This is aimed at excluding conflicts of interest in the event of an impending change of control. In certain situations, these agreements could lead to the recommended settlement cap being exceeded. The Supervisory Board was of the opinion, in view of the specified term of appointment of the Executive Board member, that compliance with the cap recommended by the Code is therefore unnecessary and that this cap shall be subject to individual rescission negotiations as and when appropriate.

5.3 - Formation of Supervisory Board committees

XING AG's Supervisory Board shall no longer form any committees such as an Audit Committee (point 5.3.2 of the Code) or Nomination committee (point 5.3.3 of the Code). No efficiency gains were achieved by forming committees when the Supervisory Board only consists of three members. In addition, the Executive Board's high level of professionalism means that the amount of required auditing and consulting work has dropped considerably over the last few years.

5.4.1 (2) and (3) – Composition of the Supervisory Board

The Supervisory Board has not specified concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, an age limit to be specified for the members of the Supervisory Board and diversity. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation (point 5.4.1 (2) of the Code). Should the objectives of point 5.4.1 (2) of the Code not be specified, they will not be taken into consideration when nominating suitable Supervisory Board candidates and the objectives and status of implementation will not be published in the Corporate Governance report (point 5.4.1 (3) of the Code). In the past, the Supervisory Board has already taken expertise into consideration along with an age limit, internationality, potential conflicts of interest, and diversity, and intends to do so in future. With a view to its composition, the Supervisory Board does not see any reason to specify more concrete objectives as it would lead to an inappropriate limit on the number of suitable candidates in any given situation.

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

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

Hamburg, February 2011

The Supervisory Board The Executive Board

Corporate Governance information on the Internet

In accordance with section 161 AktG, the Executive Board and Supervisory Board of a listed joint stock corporation have to issue a statement every year confirming that the recommendations of the "Government Commission German Corporate Governance Code" published by the German 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 shareholders and can be viewed at www.xing.com under Investor Relations.

COMPENSATION REPORT

The following compensation report follows the recommendations of the German Corporate Governance Code and the regulations of DRS 17 adopted by the German Accounting Standards Committee (reporting on the compensation of members of executive bodies). It contains disclosures which form part of the notes or management report in accordance with the requirements of the Internationsal Financial Reporting Standards (IFRS). It is thus an integral part of the certified annual financial statements. Accordingly, the information contained in this report is not additionally detailed in the notes to the financial statements or the management report.

Compensation of the Executive Board

As of December 31, 2010, the Executive Board of the company consists of four members.

On January 15, 2009, **Dr. Stefan Gross-Selbeck** took up his position as the new CEO. He was responsible for Corporate Products, Human Resources, Corporate Communications and International for the whole of 2010, and was also responsible for Corporate & Market Development after February 2010.

Michael Otto was appointed as the new Chief Technology Officer (CTO) with effect from February 6, 2009. He was responsible for operations and engineering in 2009 and 2010, and was additionally responsible for Project Management after February 2010. He stepped down from the Executive Board at his own request on January 31, 2010.

Ingo Chu took up his new position at XING AG on July 1, 2009 as Chief Finance Officer (CFO). Since that time, he has headed Controlling, Accounting, Business Intelligence and Investor Relations, and has additionally been responsible for legal affairs since February 2010.

The Executive Board was completed on September 15, 2009 with **Dr. Helmut Becker**. Since that time, he has been responsible for Marketing, Jobs/Recruiting, Advertising, Subscriptions, Company Profiles/Events, Sales and Customer Care. He also assumed responsibility for Product Management from Dr. Stefan Gross-Selbeck in February 2010.

Burkhard Blum (COO) stepped down from his position on the Executive Board with effect from January 31, 2010. Up to that time, he had been responsible for Corporate & Market Development, Legal Affairs as well as Project Management. In 2010, Mr. Blum did not receive any compensation which would have to be included in the compensation report in accordance with the regulations of DRS 17 and the recommendations of the German Corporate Governance Code.

Compensation for the Executive Board is deliberated on a preparatory basis in the Personnel Committee, and is defined by the Central Supervisory Board after due consideration has been given to the preliminary deliberations of the Personnel Committee. Dr. Neil Sunderland and Dr. Eric Archambeau were members of the Personnel Committee.

The meeting of the Supervisory Board held on December 1, 2010, decided that no further committees would be formed in future. Existing committees were dissolved with immediate effect.

The structure of the compensation system is regularly reviewed by the Supervisory Board. In line with the German Corporate Governance Code, the compensation of the Executive Board consists of fixed and variable components. The total compensation and the individual components of compensation adequately reflect the duties of the respective member of the Executive Board, his personal performance, the performance of the Central Executive Board and the economic position of XING AG.

The compensation components which are not performance-linked consist of a fixed payment. The variable compensation components consist of annually recurring variable payments and stock options as a compensation component with a long-term incentive. They are measured against performance targets which are measured with parameters taken from the consolidated financial statements, and are also measured against benchmarks.

The total compensation of the Executive Board for 2010 is set out in the following table (individual disclosures). The previous year figures are identified in parentheses and have been adjusted in line with the regulations of DRS 17 regarding compensation from stock options.

For their work in 2010, the members of the Executive Board are entitled to the following bonuses after approval by the Supervisory Board: Dr. Stefan Gross-Selbeck €194 thousand,

Members of the Executive Board in € '000	**Fixed**	**Variable**	**Stock options**	**Total**
Dr. Stefan Gross-Selbeck	325	194	321	840
Chairman	(323)	(515)	(588)	(1.426)
Dr. Helmut Becker	226	133	64	423
	(67)	(38)	(322)	(427)
Ingo Chu	211	87	0	298
	(106)	(42)	(248)	(396)
Michael Otto	190	77	0	267
	(174)	(69)	(0)	(243)

Dr. Helmut Becker € 133 thousand, Ingo Chu € 87 thousand and Michael Otto € 77 thousand.

The stock options for the members of the Executive Board were issued subject to the conditions of the basic data of the stock option plans 2006 and 2008 defined by the general shareholders' meeting of XING AG on November 3, 2006 and May 21, 2008 (for further information concerning the stock options plans, please refer to the notes to the consolidated financial statements, Other disclosures).

The members of the Executive Board participate in the various stock option programs of the company as follows:

As of the balance sheet date, Dr. Stefan Gross-Selbeck held 150 thousand stock options (of which 2 x 50 thousand stock options granted in January 2009 and a further 50 thousand stock options granted in January 2010). The fair values of the respective options at the time of granting were as follows, depending on the shut-out period:

1. First tranche 50 thousand stock options from stock option plan 2008 between € 5.83 and € 5.86 per option, equivalent to a total of € 293 thousand.
2. First tranche 50 thousand stock options from an individual agreement between € 5.88 and € 5.92 per option, equivalent to a total of € 296 thousand.
3. Second tranche 50 thousand stock options from stock option plan 2008 between € 6.36 and € 6.46 per option, equivalent to a total of € 321 thousand.

The exercise profit of the options granted under point 1 and 3 to Dr. Gross-Selbeck is limited to € 35.00 per option.

Mr. Ingo Chu was promised 25 thousand stock options by the company, which he took up in August 2009. The fair value of the stock options at the time at which they were taken up was between € 9.38 and € 10.77 depending on the shut-out period of the options. The total value was € 248 thousand.

Dr. Becker was granted 28 thousand stock options subject to the conditions of the stock option plan 2006, which he took up on November 25, 2009. Depending on the length of the shut-out periods, the fair value of these stock options was between € 6.63 and € 6.65. The total value is € 186 thousand. In addition, with effect from September 17, 2009, Dr. Becker received a total of 22 thousand virtual stock options which were issued subject to conditions similar to those applicable for the stock options of the stock option plan 2008. These options were converted into real stock options in May 2010. The fair value of the stock options has declined slightly as a result of this conversion. The difference of € -21 thousand is also shown as a compensation component within the total compensation in the column Stock options for 2010. As of December 1, 2010, Dr. Becker received a further 10 thousandstock options on the basis of the stock option plan 2010, mainly subject to the conditions of the stock option plan 2008. Depending on the length of the shut-out periods, the fair value of these stock options was between € 8.45 and € 8.55. The exercise profit of the options granted to Dr. Becker is limited to € 35.00 per option. This results in a total amount of € 85 thousand.

Premature termination of activity

The Executive Board agreements which existed as of December 31, 2009, do not contain any caps in relation to severance payments in accordance with the recommendations set out in point 4.2.3 of the German Corporate Governance Code.

If the CEO Dr. Stefan Gross-Selbeck and Mr. Ingo Chu, Mr. Michael Otto and Dr. Helmut Becker die during the term of their respective Executive Board agreements, the company is obliged to pay to the surviving dependants the proportionate annual fixed salary for the month in which the member of the Executive Board dies and for the following three months.

If Mr. Ingo Chu and Dr. Helmut Becker are dismissed from the Executive Board, they have the right to prematurely terminate their employement agreement within three months after having been dismissed from the Executive Board. They then acquire a heritable claim to receive a severance payment which arises when they exercise their right to be released from the terms of a prohibition of competition agreement and which becomes due when the service agreement is terminated. No claim arises for a severance payment if the service agreement is terminated for a compelling reason.

In the event of a change of control, the company shall grant the members of the Executive Board Burkhard Blum, Ingo Chu, Dr. Helmut Becker and Dr. Stefan Gross-Selbeck upon request a cash settlement and compensation for the stock options which have not yet become exercisable at the point at which the agreement was terminated.

Supervisory Board

The compensation is redefined by the general shareholders' meeting 2010 based on a proposal of the Executive Board and Supervisory Board, and is detailed accordingly in the articles of incorporation.

The members of the Supervisory Board received fixed compensation of € 40,000.00 for each full financial year in which they serve on the Supervisory Board. The Chairman of the Supervisory Board receives twice the amount of the fixed compensation.

The following rule was applicable in the previous year:
The members of the Supervisory Board receive compensation of € 2 thousand for each day of attendance at a meeting of the Supervisory Board. The members of committees set up by the Supervisory Board additionally receive compensation of € 1 thousand per day of attendance at each meeting of such committees.

The Chairman of the Supervisory Board receives compensation of € 4 thousand for each day of attendance at each meeting of the Supervisory Board. The Chairman of a committee receives compensation of € 3 thousand for each day of attendance at a meeting of the committee.

The total compensation of a member of the Supervisory Board must not exceed € 75 thousand for each year for attending meetings of the Supervisory Board and committee meetings. The total compensation of the Chairman of the Supervisory Board and a committee chairman must not exceed € 150 thousand per year.

The following table sets out an overview of Supervisory Board compensation for 2010.

Members the Supervisory Board in € thousand	2009			2010
	Attendance in Supervisory Board meetings	Attendance in committee meetings	Total	New arrangement
Dr. Neil V. Sunderland, Chairman	52	21	73	80
Fritz Oidtmann (since January 21, 2010)	0	0	0	38
Dr. Eric Archambeau (until November 27, 2010)	26	7	33	36
Dr. Andreas Meyer-Landrut (since November 29, 2010)	0	0	0	4
Lars Hinrichs (until January 21, 2010)	22	5	27	2
Total	**100**	**33**	**133**	**160**

Financial information
for the financial year from January 1 to December 31, 2010

Group management report

Consolidated financial statements

GROUP MANAGEMENT REPORT

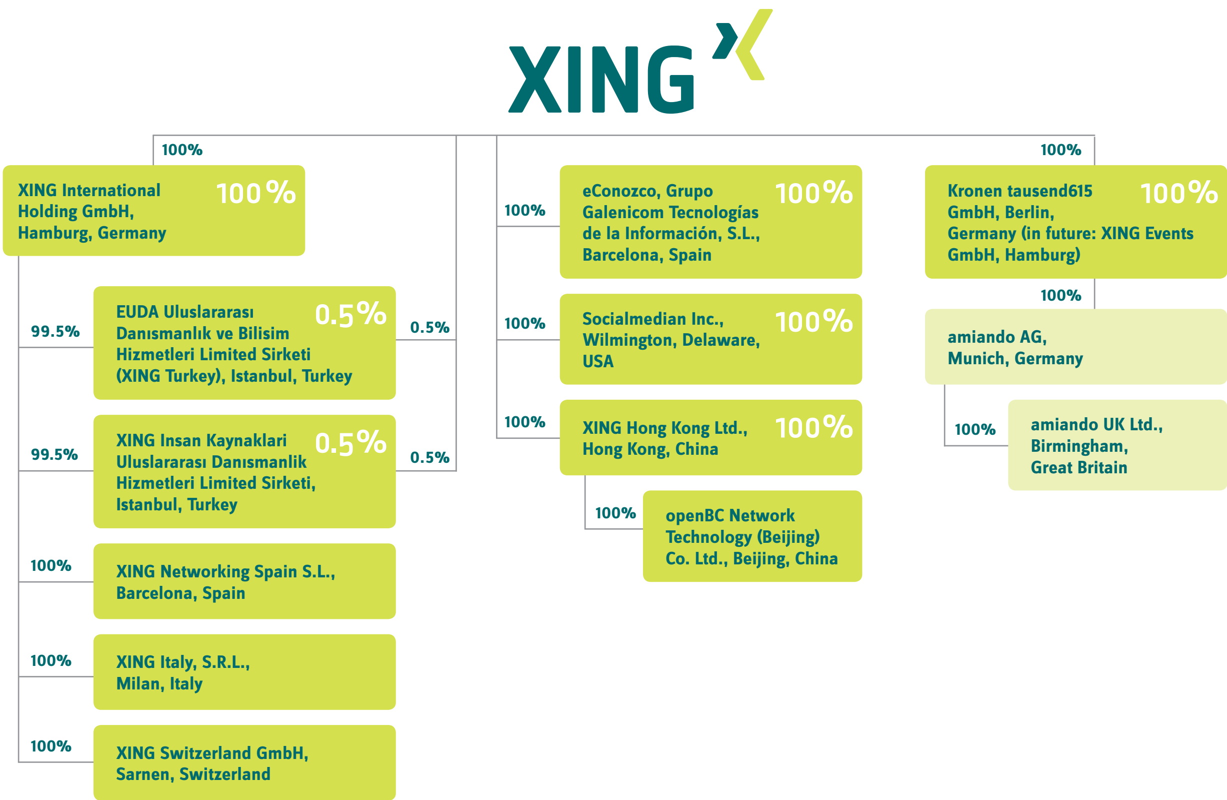
for the financial year from January 1 to December 31, 2010

Business and general conditions

Organization structure

Last year, XING AG extended its organization structure as a result of the acquisition of amiando AG, Munich (with effect from January 1, 2011). XING Events GmbH was established in this connection. It was acquired as a shelf company under the name Kronen tausend615 GmbH with registered offices in Berlin (from DnotV GmbH in Berlin), and it is intended that it will in future trade under the name XING Events GmbH with registered offices in Hamburg. At the end of the year, XING AG held 100 percent of the shares in Kronen tausend615 GmbH, Berlin (in future: XING Events GmbH, Hamburg).

The purchase agreement for 100 percent of the shares in amiando AG, Munich, was concluded in December 2010. It will come into force as of January 1, 2011 (closing on January 5, 2011).



Business model and strategy

Business models

Since 2007, XING AG has been gradually opening up new markets and establishing further business models. "Subscriptions" is still the revenue source which generates the most revenues. XING users are able to use considerably more functions by means of the subscription "Premium Membership". In addition, they also receive special conditions under "BestOffers". Premium Membership is available in three alternative terms. Three-month membership costs € 6.95 per month, twelve-month membership costs € 5.95 per month, and the 24-month membership costs € 4.95 per month. The member subscriptions are received in advance.

"e-Recruiting" was responsible for the second highest percentage of overall sales in the course of last year. XING AG expanded these activities further in the fourth quarter of 2009 and, since that time, has had three major sources of revenue in this particular field which last year were one of the factors behind the stronger growth in revenues in this particular field. XING AG provides a platform for advertisers of job advertisements, and uses two billing models. Advertisers can either choose the performance-based method using the pay-per-click model (69 cents per click on an advert) or can use the normal fixed price model (from € 395 per advert) with a predefined duration of 30 days. Since the fourth quarter 2009, the company has also offered this specialist target group of recruiters the option of a customized Recruiter Membership. This option costs between € 29.95 and € 49.95 per month for durations of three, six or twelve months.

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

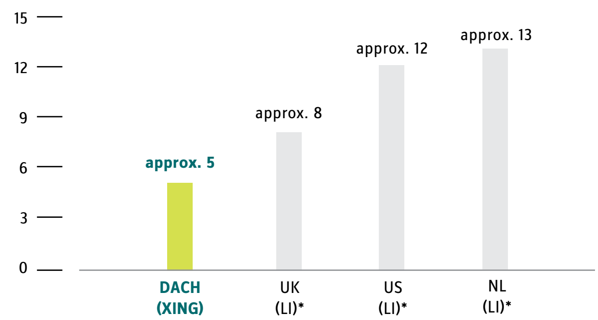
With the acquisition of amiando AG in Munich which was announced in December 2010, XING AG has opened up further attractive potential for generating revenue. This is because, with the acquisition of amiando, XING AG has met the wishes of a very large number of its subscribers for an integrated comprehensive service for processing events. Last year alone, subscribers organized and marketed more than 170 thousand events via the XING platform. In future, XING members will be able to utilize the efficient processing of all necessary processes including registration, issuing tickets and billing. Revenue is generated primarily by way of a charge of € 0.99 per client as well as a variable component calculated as 5.9 percent of the fee paid by the client (ticket price).

Strategy

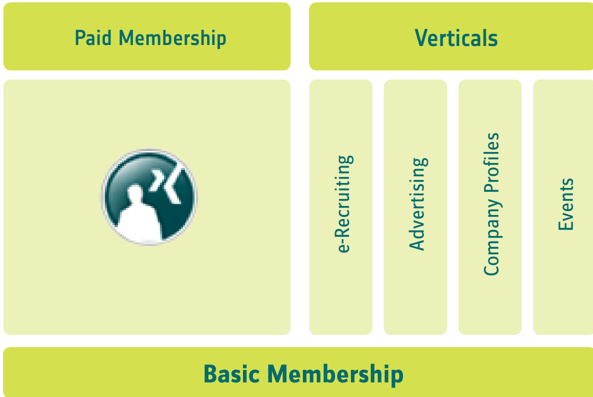
XING AG is operating in what is currently the most dynamic Internet sector, and has experienced numerous changes in recent years. These relate in particular to the management of the company, the shareholder structure as well as the strategic focus of the company. The milestones which have been attained, such as the establishment of new sources of revenue and also the acquisition of amiando AG and the associated success of breaking into the market for professional event management in the business segment (training, seminars, conferences) constitute an excellent starting situation for 2011. XING AG has not only opened up new markets such as "e-Recruitment", "Advertising" and recently "Events"; it also has considerable growth potential in its German-speaking core markets. This can also be seen when compared with other markets which are broader and which have developed more rapidly, such as the USA, Great Britain and the Netherlands, where market penetration is on average twice as high, and is also increasing even further.

Penetration of business networks

in %



Source: Internal XING estimates, LI = LinkedIn



The strategy's core consists of the provision of a platform providing its users with an opportunity to network effectively, e.g. by creating a personal profile, connecting with other members, and sharing relevant business content. The overarching goal here is to expand this network by acquiring new customers and making sure they get involved by providing appealing features for them to use. The company will accordingly concentrate on the following three areas in 2011:

1. Signing up new subscribers in the DACH region and boosting subscriber activity.
2. Extending the premium model and improving the conversion rates from basic to premium memberships.
3. The consistent expansion and further development of vertical revenue sources.

Key locations

As a result of acquisitions in Spain (Neurona and eConozco) and Munich (amiando AG), XING AG now has two additional locations in Barcelona and Munich apart from its headquarters based in Hamburg. The office in Istanbul was closed in the fourth quarter.

Innovations/research and development

In 2010, the company consisently focused on its long standing policy of agility in development as well as the procedure of using specialist development teams. It has successfully pressed on ahead with project implementation with the aid of the SCRUM method. In this way, it has been possible for products to be implemented more quickly and more precisely. In order to ensure that its products are continuously maintained in conjunction with a continuous level of high quality, the company has also extended its workflows to include the KANBAN method.

In terms of products, last year was characterized by a focus on innovation, a considerable increase in added value for the users on the core platform, the subject of E-recruiting and the expansion of the company profiles. Work also started on strategic expansion of mobile services. At the same time, the company also focused on greater interaction and the growth of the platform with the following subjects:

- The enhancement of the XING core area was accompanied by a new contemporary design on the entire site and:
  - a universal search engine which, with a single search, covers members, events, jobs, company home pages and groups,
  - uncomplicated procedure for entering the status message on the home page (also for basic members) and a secure possibility of communicating external content in the newsfeed,
  - a new to-do-lists functionality which combines processing of news, invitations to attend events, group communication as well as contact queries,
  - the new "Social Connector" which links Microsoft Outlook and XING and which synchronizes the address book,

  - enhancing basic membership and boosting activity by the possibility of sending free messages to contacts. All criteria can now be used to search for basic members, and the search offers up to 15 results which can be viewed completely,
  - the XING partner EcoSystem (OpenSocial) with more than 15 useful applications of partners,
  - work for optimizing member growth and for boosting customer loyalty.
- **Enhancing company profiles particularly for subscribing companies**
  - with the new option of presenting results "About this company" with free design as well as a "Like" function for company updates and the integration of a Twitter account for companies,
  - displaying a "employee network" in which users are able to see the names of other companies with which the employees of a company are networked,
  - enhancing company profiles for freelance staff by means of a free service.
- **Significant enhancement of the E-recruiting area by way of**
  - the smooth integration of job advertisements of external providers in the XING job market as well as social network features: "Jobs in my network", "Show similar jobs", Twitter sharing and RSS feed,
  - the intelligent integration of company profiles in the job market,
  - enhancing recruiter membership to include a display of the number of messages as well as new And/Or links in the search.
- **Extension of mobile services via XING Mobile**
  - A new and innovative application solution for iPhone, Android and Blackberry phones with new contact and message management
  - A new and mobile portal with an innovative, "digital handshake" which enables two persons standing opposite each other to link to XING via a mobile phone
- **Enhancing the range of advertising by way of**
  - A facility for booking wallpaper on the home page
  - A new advertising format after transmitted messages for basic users
- **Technical preparation of amiando integration.**

In 2010, as a further added value for all customers, access times to the platform were hugely improved. In order to assure continued operation and to improve the platform, XING is using the innovative web development framework Ruby on Rails in addition to the tried-and-tested Perl technology. XING is a leading employer in this field, and further enhances the Rails-Community by way of sponsoring and various contributions. In order to be able to meet the increasing challenges of the future, the company has strengthened its product and development team, focusing on user-interaction specialists.

Business development

General and industry-specific conditions

General business climate

The International Monetary Fund (IMF) is predicting global economic growth of 4.4 percent for 2011 following 4.8 percent last year. Experts consider that the lower rate of growth is due to the fact that programs designed to boost the economy in key industrialized countries are coming to an end and that the packages of cuts imposed in various countries will have a significantly negative impact on the economy in those countries. According to the IMF, economic output in the eurozone expanded last year by 1.7 percent, and will expand by 1.5 percent this year – whereby Germany, in which XING AG generates most of its revenues, is forecast by experts to become the driving force behind growth in the region, with 2.0 percent growth in gross domestic product. Of the large euro countries, Germany has achieved the greatest success in 2010 in coming out of the recession year 2009. The experts are expecting that this growth rate will continue in 2011. Accordingly, the EU Commission is expecting GDP growth of 2.2 percent, and the Organization for Economic Cooperation and Development (OECD) is forecasting 2.5 percent. The German companies are planning to create numerous new jobs as a result of the improvements in the economic situation. Based on an economic survey carried out with more than 28 thousand-companies, the German Chamber of Industry and Commerce (Deutsche Industrie- und Handelskammer; DIHK) is expecting to see around 300 thousandadditional jobs and also expects to see the number of unemployed decline to 2.9 million. The subject of the shortage of skilled labor in Germany is therefore increasingly becoming the subject of discussions in publications. XING AG expects that these developments will have a positive impact, particularly on "e-Recruiting" and "Subscriptions". XING AG offers companies products which permit the efficient recruitment of suitably qualified personnel. By being addressed by the advertising companies, members are also motivated to actively maintain their XING profile and network – a fact which will have a positive impact on the overall activity on the platform and will thus drive the "Subscriptions" segment.

Market development

According to the market research specialists of IDC, the number of Internet users throughout the world will increase to 2.1 billion in 2011. Around half of these users will no longer use the Internet with a PC; instead, they will use a mobile device – this is ten times as many mobile Internet users than was the case as recently as five years ago. XING AG has recognized this trend at an early stage, and has established an excellent position with a wide range of applications for various smartphones and also a website which has been optimized for mobile browsers.

Social networking continues to become much more important. Compared with 17 percent in 2009, 22 percent of time spent throughout the world in the Internet is now spent on social media websites, according to the market research company Nielsen. 75 percent of worldwide Internet users visit a social network or a blog when they go online. This is equivalent to growth of 24 percentage points in only one year. Nielsen has also established that the time which onliners spend on these sites has increased strongly from 3.5 to 6 hours.

This trend has also been understood by companies, and not only the major companies. IDC is forecasting that, by the end of 2011, more than 40 percent of small and mid-size US companies will operate social media activities in social networks. There are also indications of a similarly positive scenario in Germany. In a survey carried out in 2010, the Bundesverband Digitale Wirtschaft (BVDW) e.V. established that more than 80 percent of participants expect to see a positive development of social media budgets this year. A survey carried out by Regus in July 2010 also confirms that 41 percent of German companies covered by the survey have already successfully used professional networks for attracting customers. The empirical study "Use of social media in employer branding and in online recruiting" of Talential GmbH, Cologne, has also confirmed that 98 percent of candidates and 71 percent of companies are already active in social media. XING AG serves this increasing demand in social media via its attractive existing B2B products, and is also planning to extend the portfolio with promising new products, e.g. for subscriptions.

Competition

With around 4.5 million members in the German-speaking world, XING is the clear market leader among its direct competitors, the networks which focus on business. The second most important parameter for measuring the competitive position is the degree of activity of a network. In this field, an analysis of the page views in the DACH region between XING and its next largest competitor again confirms the excellent competitive position of XING AG. Accordingly, 222 million page views in total were generated on the two largest business networks in December 2010 (sources: www.quantcast.com/linkedin.com and XING Omniture SiteCatalyst). The market leader XING accounted for a total of 92 percent of these page views.

According to the company, no competitor anywhere in the world is able to report a correspondingly large and expanding base of subscribers. At the end of the financial year, XING AG reported 745 thousand premium members, which is equivalent to annual growth of 8 percent.

External sources are also confirming the strong competitive position of XING on its German domestic market. According to a study of the Fraunhofer-Institut carried out at the end of the 2010, approximately eight out of ten German specialists and senior executives are present in XING. Around 80 percent of surveyed specialists and senior executives are also convinced that activity on XING is good for professional advancement. Only 34 percent expect the same benefit from the microblogging service Twitter, and only 28 percent of persons surveyed expect professional benefits to be achieved as a result of Facebook friendships.

On an international level, XING AG is competing with LinkedIn and Viadeo. Both of these competitors have a larger international member base than XING. In countries such as Spain or Turkey, XING enjoys a strong competitive position with 1.5 million and 1 million members respectively. Monetarization does not take place here due to the lower level of activity seen when compared to the German-speaking core markets. In terms of its non-core markets, the Company intends to drive activity levels by making significant improvements to its platform and products.

Major events and business development in the Group

XING AG can look back on an eventful year in 2010.

A new member was appointed to the Supervisory Board at the beginning of the year in January, with Fritz Oidtmann as the successor of Lars Hinrichs.

At the end of February, the member of the Executive Board Burkhard Blum stepped down at his own request. Also in the first quarter of last year, XING AG and Microsoft announced that they will link their products (Outlook and XING) via the Microsoft Social Connector. In this way, the Outlook mail inbox will also become a central point for German users to receive messages which will keep them up-to-date about the activities of their business contacts.

Since July, XING has also been providing self-employed persons and one-man companies the possibility of presenting themselves on XING with a company profile. The more than one million freelance operators and one-man companies active on XING thus have the same opportunities of presenting themselves as large companies, and are thus able to further boost their presence and visibility in the Internet. XING has also been offering a free basic version of company profiles since the second quarter.

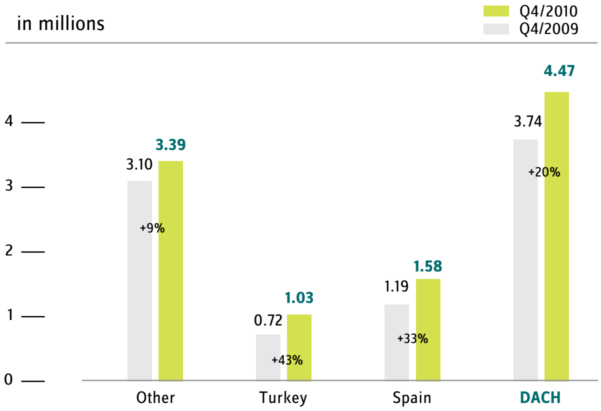
At the end of the third quarter, XING succeeded in considerably improving key operational activity indicators with an extensive product offensive in September. It not only has a more intuitive design (to do lists, my XING, universal search); with the "mobile handshake" it has also considerably expanded its range of mobile services. In this way, a mobile handshake is available to members everywhere and at all times, and members are thus able to link with their opposite partner via smartphone to XING. When a user starts XING with a smartphone via the mobile browser, he will in future see a "handshake" symbol. When two members are opposite each other and activate this symbol, they can connect to XING. Following the product offensive, XING has also presented a TV campaign for the first time; this campaign ran between mid-September and mid-October on n-tv, N24, Eurosport, SAT.1, ProSieben, RTL and other stations.

In October, XING further developed its mobile services for the more than ten million members, and launched the new XING apps for iPhone and BlackBerry.

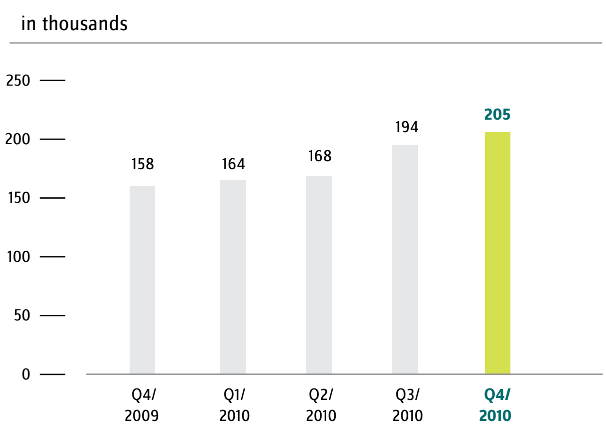
A further highlight in the fourth quarter was the conclusion of cooperation with the leading job portal in Switzerland – jobs.ch. Jobs.ch handles the marketing of all recruitment products on XING in Switzerland, and thus cooperates with XING as the sole Swiss online job portal, one of the most important channels for recruiting senior executives and specialists for Web 2.0.

Dr. Eric Archambeau laid down his mandate on the Supervisory Board in November. Dr. Andreas Meyer-Landrut was appointed to this position. He will carry out this function in the Supervisory Board until the annual geneal meeting to be held in May 2011.

Members according to regions



Membership growth DACH region



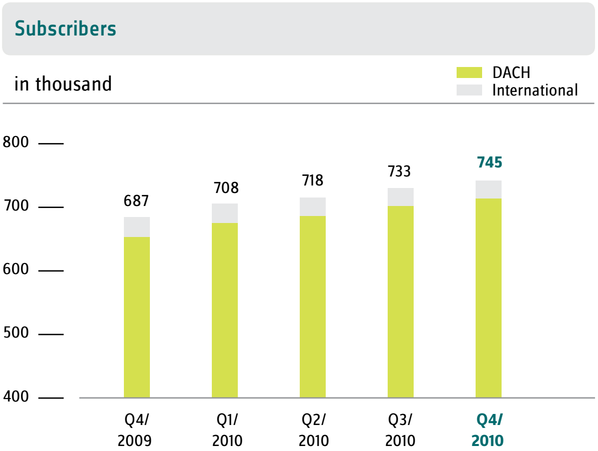
The year 2010 ended for XING AG with a special highlight. amiando AG, a Munich-based provider for online event management and ticketing, was taken over on December 9, amiando is the leading provider for online event management and ticketing in Europe, and around 100 thousand events were successfully organized and settled via this platform last year. XING in this way is extending its own range of services for its more than 10 million members to include an integrated service for organizing, advertising and putting on events in the professional field.

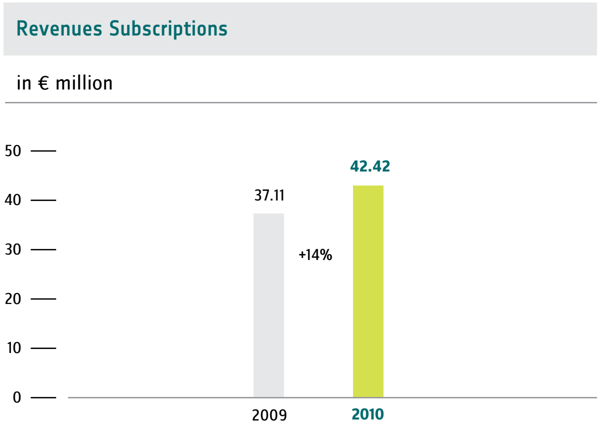
The purchase price consists of a fixed amount of €8.0 million, €5.1 million of which was paid by the date on which these financial statements were prepared. The €1.9 million to which the management vendors are entitled was retained as the claim is linked to an 18-month requirement that the management remain in the company to be calculated on a pro rata basis. The remaining amount of €1.0 million largely serves to settle liabilities assumed as a result of acquiring amiando AG. Possible earn-outs in a range of €0.00 to €3.3 million may occur. The precise amount will be determined in two years' time, depending on the business development of amiando AG. The earn-out will also be due at that time.

Development in the number of members

Last year, XING AG reported strong growth in membership of more than 1.7 million. The company has gained more than 730 thousand members in the German-speaking core markets (DACH region). By way of structured and increased marketing spending, XING was also able to expand international membership growth particularly in the first three quarters (mainly in Turkey and Spain), and was able to sign up around one million members last year outside the German-speaking world. Since that time, the company has changed its international strategy and has been reducing its marketing costs in this field since the fourth quarter. In line with these activities, marketing-induced membership growth in Turkey and Spain slowed down in the fourth quarter, as planned.

In the German-speaking world, XING AG has actually accelerated its rate of growth since the product offensive in September. XING was able to attract around 200 thousand new members in the third quarter. In the final quarter of the year, XING reported the strongest quarterly growth seen in the past 1.5 years, with 205 thousand new members. Overall, around 10.5 million business professionals maintained their professional and business contacts on www.xing.com. This means that the member base has increased by 20 percent compared with the previous year.





Results of operations in the XING Group

Development in the segments

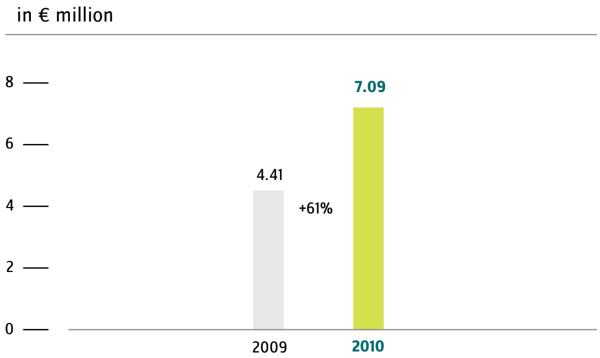
"Subscriptions"

The "Subscriptions" segment has formed the sound basis of revenues of XING AG since the company was originally established in 2003. Since that time, XING AG has been able to convince more than 745 thousand users of the benefits of premium membership. Of this figure, the company supports 716 thousand subscribers in the DACH region alone – this is equivalent to approximately 16 percent of all XING members in the company's German-speaking domestic market. Overall, the number of premium members during the past twelve months has increased by more than 58 thousand or 8 percent worldwide. Because XING AG does not use its premium model for generating revenue in its international core markets Turkey and Spain, where instead it focuses on growth and boosting activity, the company as expected has lost around three thousand premium members during the past twelve months. Accordingly, subscriber growth in the DACH region amounted to around 61 thousand or nine percent last year. Revenues in this region have accordingly reported a very positive development, rising by more than 14 percent from € 37.1 million to € 42.4 million in the reporting period. Even if net growth in subscribers has slowed down as expected compared with previous years, management is of the opinion that this segment will continue to expand in the course of the next few years. The percentage of sound subscription activities in relation to overall revenues will continue to decline in subsequent years mainly as a result of the very dynamic and rapidly expanding sources of revenue in the "Advertising" and "e-Recruiting" segments.

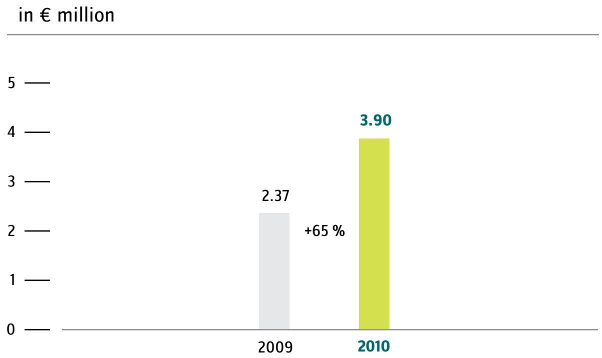
"e-Recruiting"

As expected, the "e-Recruiting" segment continued to become more significant last year. This is because XING AG has extended and professionalized its range of products for corporate clients by way of so-called fixed price advertising packages and various graphical forms of designing job adverts (text, logo, HTML) on www.xing.com/jobs in the fourth quarter of 2009, and is thus able to address a much broader target group. Numerous market studies as well as the good operating results in this areaconfirm that the investments which have been made in the past were correct, and that this segment will be a major driver of growth in the course of the next few years. Staff recruitment professionals are increasingly also using the Internet to obtain information concerning applicants. According to BITKOM, half of personnel recruitment specialists in Germany are already using

Revenues e-Recruiting



Revenues Advertising



this possibility: one fifth of heads of personnel and managing directors search in professional online networks. It will become more and more important for job seakers or persons looking to change jobs to maintain their business profile. 30 percent of companies already offer jobs in social networks. According to the association, Web 2.0 is the job market of the future. "Companies will have to establish a presence where people are networked for professional and private purposes, obtain information or spend some of their leisure time", says BITKOM president Prof. Dr. August-Wilhelm Scheer.

The increasing visibility and dissemination of XING as an efficient E-recruitment portal has had a very positive impact on results last year. Accordingly, revenues in the E-Recruitment segment increased by more than 60 percent to € 7.1 million in 2010. The growth rates have been increasing from quarter to quarter compared with the previous year. In the fourth quarter, revenue growth in the e-Recruiting segment was almost 100 percent.

"Advertising"

In the "Advertising" segment, XING generated its revenue growth of more than 64 percent to € 3.90 million mainly by means of four products: more than half of revenues last year were acquired with display advertising. The company also generated further revenues with company profiles, partnerships (incl. BestOffers) as well as the enterprise groups. The company has implemented the main strategic changes in the Display Advertising field. The positioning of the XING platform in the advertising market has been redefined since the beginning of 2010, and a new marketing strategy has been successfully implemented in conjunction with the marketer. The inclusion in IVW (Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern e.V.) with 23.2 million visits and AGOF (Arbeitsgemeinschaft Online Forschung), the wide range (3.78 million unique users) and the attractive target group of XING has been made transparent and plannable for the advertising market in Germany. The results rapidly became evident: as a result of consistently focusing on premium advertisers, revenues were increased compared with the previous year, and average thousand contact prices (TCP) of advertising banners quadrupled between January and December 2010. The company profiles have also reported a successful development. Even more companies, and in particular self-employed professionals, are now presenting their products and services directly on XING, and are using XING for directly informing their potential customers, candidates, partners and other interested parties about news from their companies. The number of profiles maintained by companies increased to more than 36 thousand during the year.

"Others"

Because the contribution to revenues and results made by the division "Others" has so far been minor, the company has so far not released any detailed information. In this division, revenues were generated in the year by license fees for official XING seminars, and a small volume of revenues was generated by the partnership link of the amiando ticketing product in the XING events area. With the acquisition of amiando AG in Munich, XING AG will report stronger revenue growth in the "Others" division starting in 2011; the fact that these operations are reported separately at this point and at this time is intended to demonstrate the increasing relevance of these activities.

Results of operations

Overview

In 2010, the XING Group (XING) generated revenues with services of € 53.5 million compared with € 44.0 million in 2009. This is equivalent to growth of 21.6 percent between 2010 and 2009. Revenues of € 14.6 million were generated in the final quarter of the year. Accordingly, as was the case in 2009, XING again succeeded in considerably boosting revenues and continuing the course of growth in 2010.

In the year under review, EBITDA of the XING Group amounted to € 16.7 million (previous year: € 11.8 million). This corresponds to an EBITDA margin of 31.3 percent following 26.9 percentage points in the previous year.

Consolidated results amounted to € 7.2 million, and were € 8.9 million higher than the corresponding previous year figure (€ -1.7 million), whereby impairments of € 5.4 million and additional tax expenses of € 0.8 million resulting from a tax audit had an exceptional impact on results for 2009.

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, 2010 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 2010, XING generated service revenues of € 53,499 thousand (previous year: € 44,000 thousand). The following overview breaks down the sales generated by services:

Revenues from services in € thousand	31/12/2010	31/12/2009
Subscriptions	42,424	37,114
e-Recruiting	7,095	4,412
Advertising	3,897	2,370
Other	83	104
Total	**53,499**	**44,000**

Broken down according to geographic region, revenues in financial 2010 are as follows:

Revenues from services in € thousand	31/12/2010	31/12/2009
DACH	51,702	41,994
International	1,797	2,006
Total	**53,499**	**44,000**

The geographical segmentation corresponds to the organizational focus. Most of the subscription revenues are generated in the DACH region (96.7 percent; previous year: 95.4 percent). In Germany, subscriptions account for 83 percent of overall revenues (previous year: 82 percent).

Other operating income

The other operating income of € 783 thousand generated in the reporting period (previous year: € 1,085 thousand) mainly comprises refunds for returned direct debits and reminder charges of € 269 thousand (previous year: € 471 thousand). The other income comprises income from benefits in kind and various minor items.

Personnel expenses and freelance staff

As a result of the continued strong growth in 2010, the company has recruited further employees. On average 298 employees (previous year: 247) were employed by XING in the year under review. As of December 31, 2010, 306 employees (previous year: 265), including four members of the Executive Board (previous year: 5) were employed in the Group.

The increase of € 2,421 thousand in personnel expenses from € 15,296 thousand in the previous year to € 17,717 thousand in 2010 is mainly attributable to the increase in the number of employees (+ 21 percent compared with December 31, 2009).

Marketing expenses

In the period under review, marketing expenses were stated as € 6,815 thousand, and were thus considerably higher than the corresponding previous year figure of € 5,305 thousand. As was the case in 2009, these expenses were incurred for partner, customer and new customer marketing as well as expanding the marketing infrastructure. Marketing expenses were also incurred for a TV advertising campaign for the first time in the reporting period.

Other operating expenses

The other operating expenses in 2010 amounted to € 13,029 thousand (previous year: € 12,596 thousand), and thus accounted for 24 percent of revenues (previous year: 28 percent). The main items under operating expenses are expenses of € 3,780 thousand for IT and other services (previous year: € 3,914 thousand), legal and auditing fees of € 1,964 thousand (previous year: € 1,986 thousand) and costs of premises of € 1,391 thousand (previous year: € 1,075 thousand). Further major items are costs of € 1,229 thousand (previous year: € 1,895 thousand) for payment processing (previous year: € 1,895 thousand), rent/leasing of € 820 thousand (previous year: € 418 thousand), costs of server hosting, IT administration and traffic (€ 735 thousand; previous year: € 840 thousand) as well as traveling, entertainment and other business expenses (€ 721 thousand; previous year: € 707 thousand).

Unlike the situation in the previous year, the costs of further training (€ 324 thousand; previous year: € 271 thousand) and tax-exempt voluntary social costs (€ 191 thousand; previous year: € 114 thousand) are not shown under personnel expenses, and instead are shown under the other operating expenses. In addition, minor reclassifications were carried out within the position "Other operating expenses" in order to improve accuracy. The previous year figures have been adjusted correspondingly.

Depreciation

Unlike the situation in 2009, depreciation on intangible assets, property, plant and equipment and financial assets (€ 5,199 thousand; previous year: € 10,937 thousand) does not contain any impairments. In 2009, impairments had been recognized in relation to the goodwill of social median Inc. (€ 2,994 thousand) and XING Hong Kong (€ 484 thousand) as well as billing software for payments which is no longer used (€ 1,409 thousand).

The main items of impairments were recognized in relation to self-developed software (€ 1,730 thousand; previous year: € 2,007 thousand) and purchased software (€ 1,072 thousand; previous year: € 3,708 thousand). The other items relate to other intangible assets of € 1,224 thousand (previous year: € 607 thousand) and property, plant and equipment of € 1,173 thousand (previous year: € 828 thousand).

Financial income and financial expenses

The financial income of € 84 thousand (previous year: € 359 thousand) is mainly attributable to the investment of overnight funds (€ 76 thousand; previous year: € 131 thousand). The decline compared with the previous year is mainly attributable to the preference for risk-free investments and the generally low level of interest rates on the market. In 2009, the financial result also included dividend payments of an equity participation (€ 165 thousand).

Financial expenses of € 74 thousand were incurred in the form of interest in 2010 (previous year: € 37 thousand), mainly with regard to the Finanzamt (tax authorities: € 57 thousand). This item also includes € 16 thousand from compounding the provision for restoration obligations.

Taxes on income

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

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

The tax loss carry-forwards of XING AG have been completely utilized since December 31, 2008. In Spain, there are loss carry-forwards of around € 1.1 million (previous year: around € 1.2 million), which can be carried forward and utilized for a period of 15 years.

Both long-term and short-term assets have increased. However, the percentage of long-term assets in relation to total assets has declined by 4.9 percentage points compared with the previous year (from 37.3 percent to 32.4 percent). The percentage of short-term assets in relation to total assets has increased accordingly to 67.6 percent (previous year: 62.7 percent).

The increase in long-term assets (€ +0.9 million; previous year: € +3.1 million) is mainly attributable to further investments in self-created software (€ +2.8 million, previous year: € +3.6 million), mainly for the further development of the XING platform, as well as operational and office equipment. This increase in long-term assets was opposed by depreciation.

The receivables arising from services of € 4,573 thousand (previous year: € 6,478 thousand) mainly comprise membership contribution receivables due from premium members and B2B receivables. A one-off reduction of approximately € 3 million was recognized in March 2010 as a result of the reduction in the payment conditions at the credit card acquirer. The remaining assets consist primarily of deferred advance payments for services.

Net assets

As of the reporting date December 31, 2010, liquid assets of € 59,036 thousand accounted for 61.8 percent of the total assets of € 95,581 thousand (previous year: 53.1 percent). The increase in liquid assets from € 42,862 thousand as of December 31, 2009, to € 59,036 thousand as of December 31, 2010 is mainly attributable to the increase in revenues, additional customer pre-payments and a positive one-off effect attributable to the reduction in payment deadlines at our credit card acquirer due to the renegotiation of the agreements.

Financial position

Shareholders' equity and liabilities

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

As in the previous year, XING AG did not lease any new IT hardware or software in 2010. As was the case in the previous year, there are no bank borrowings or other loans.

The equity ratio was 64.0 percent in the last financial year compared with 65.1 percent in 2009. This means that XING AG continues to be in an excellent position to cope with future growth.

Capital provides strong cover for long-term assets (197.3 percent; previous year: 175.2 percent). The surplus of the short-term assets over the short-term liabilities is 213.6 percent (previous year: 209.9 percent).

Cashflow

Cashflow from operating activities

The cashflow from operating activities amounted to € 22,413 thousand in the year under review, compared with € 14,060 thousand in the previous year. In addition to the Group profit and the positive one-off effect resulting from the renegotiation of the agreements with the credit card acquirer, this considerably higher cashflow from operating activities was mainly attributable to the prepaid subscriptions (increase of € 3,997 thousand in revenue deferrals) and the above average increase in liabilities for income tax compared with the previous year.

Cashflow from investing activities

In 2010, investments focused mainly on purchased software (€ 1,089 thousand; previous year: € 1,855 thousand) and self-created software (€ 2,792 thousand; previous year: € 3,541 thousand). Outflows of € 1,793 thousand (previous year: € 1,361 thousand) were reported for the acquisition of property, plant and equipment, mainly consisting of IT hardware (e.g. servers).

Cashflow from financing activities

During 2010, major inflows from financing activities were reported as a result of the exercising of employee stock options of € 586 thousand (previous year: € 19 thousand). No cash outflows were reported for buying back treasury shares in 2010 (previous year: € 949 thousand), and there were also no inflows resulting from a capital increase (previous year: € 991 thousand). The cashflow from financing activities was virtually unchanged at a low level compared with the previous year.

Overall statement on the economic position

The positive development of the results of operations for 2010 again shows that XING has a scalable and cashflow-generating business model. At the same time, XING is pro-actively investing in new divisions in order to create new sources of revenue for the future and for spreading its business over several pillars.

With an equity ratio of approx. 64 percent as of December 31, 2010 (65 percent as of December 31, 2009), XING is mainly financed by equity; this means that the company is also in a strong position to survive any possible negative developments without any major problems. The cashflow margin (cashflow from operating activities/service revenues) is high at approximately 42 percent (previous year: 32 percent). For many years now, this has been demonstrating the value of the business and permits further investments in growth.

Employees and non-financial indicators of performance

In the year 2010, the number of employees of the XING Group rose from 265 to 306. The search was performed primarily, but not exclusively, via the XING platform. Specialist skills and cultural “fit” are still the crucial criteria applicable for the choice of personnel. Despite the fact that employee growth has been considerable in certain cases, employees confirm that they enjoy working at XING and that they also enjoy working in their teams (great place to work staff survey 2009/2010). The company’s headquarters in Hamburg employs 281 persons from 25 nations. The business languages are German and English. XING is thus able to recruit specialists from all countries. The shortage of specialists which exists without doubt in Germany has thus not resulted in any recruitment problems at XING.

In its personnel work, the company has devoted particular attention to the subject of "personnel development". XING relies on all of its employees always having leading-edge knowledge. This is why all employees were required to attend training sessions or conferences. XING considers that the main format for staff qualifications are the challenges posed by day-to-day operations. Almost all employees were entrusted with changed or supplementary tasks or were employed in special projects. Job vacancies were always first offered to the company's own employees. Accordingly, there were more than 50 movements of employees between positions within the company.

There were no major personnel changes in the period under review.

Other disclosures

Compensation report

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

Disclosures under take-over law in accordance with Section 315 (4) HGB and explanatory report of the Executive Board in accordance with Section 176 (1) line 1 AktG

The following disclosures in accordance with Section 315 (4) HGB reflect the circumstances as of the balance sheet date. The following explanation of these disclosures also complies with the requirements of an explanatory report in accordance with Section 176 (1) line 1 AktG.

Subscribed capital

The company's share capital was increased in 2010 by € 19,549 by way of issuing 19,549 no-par-value shares under the stock option programs for employees. It amounted to € 5,291,996 as of December 31, 2010 (previous year: € 5,272,447), and consists of 5,291,996 no-par-value registered shares each with a theoretical value of € 1.00 in relation to the share capital. The entire share capital is fully paid up. All shares have been issued with equal rights.

Restrictions with regard to voting rights or the transfer of shares

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

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

As of December 31, 2010, the company was aware of a stake of 29.6 percent of the voting rights of XING AG held by Hubert Burda Digital GmbH, Munich. As of December 31, 2009, Hubert Burda Digital GmbH, Munich, owned 25.1 percent of the capital and voting rights of XING AG.

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

Appointment and dismissal of members of Executive Board / changes to the articles of incorporation

Any appointment and dismissal of members of the Executive Board is subject to Sections 84, 85 AktG as well as point 7 of the articles of incorporation in the version of May 27, 2010. In accordance with point 7 (1) of the articles of incorporation, the Executive Board consists of one or several persons. The Supervisory Board determines the number of members of the Executive Board. The articles of incorporation do not include any special rules for the appointment and dismissal of individual or all members of the Executive Board. Any such appointment and dismissal are the responsibility of the Supervisory Board.

Changes to the articles of incorporation are made in accordance with Sections 179, 133 AktG. The articles of incorporation have not taken advantage of the option of specifying further requirements applicable for changes to the articles of incorporation. Unless otherwise specified by mandatory statutory regulations, the resolutions of the general shareholders' meeting are adopted with a simple majority of the votes which are cast and, if the law specifies a capital majority in addition to the majority of votes, with a simple majority of the share capital represented at the point at which the resolution is adopted. In accordance with point 5.3 to 5.6 and 18 of the articles of incorporation in the current version of May 27, 2010, the Supervisory Board is authorized to make changes to the articles of incorporation only relating to the version.

Powers of the Executive Board to issue and repurchase shares

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

Authorized capital 2006

The Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital in full or in part and on one or more occasions by a total of up to €1,925,850 in the period until October 31, 2011, by issuing up to 1,925,850 new no-par value registered shares against cash and/or non-cash contributions (authorized capital 2006). In the case of a capital increase against cash contributions, shareholders must be granted subscription rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude fractions from 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 shareholders' subscription rights if the issue amount of the new shares is not significantly lower than the market price of the existing listed shares of the same category and with the same terms at the time at which the issue amount is definitively fixed by the Executive Board in accordance with Sections 203 (1) and (2), 186 (3) line 4 AktG, and if the shares issued in accordance with Section 186 (3) line 4 AktG in total do not exceed 10 percent of the share capital which exists at the time at which the authorization is recorded or – if lower – which exists at the time 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 subject to the direct or corresponding application of Section 186 (3) line 4 AktG are taken into consideration with regard to this limit. The subscription right of shareholders is excluded in the case of capital increases in return for non-cash contributions, and in particular in conjunction with the acquisition of companies or equity participations or assets. The Executive Board is authorized, with the approval of the Supervisory Board, to define the further contents of the share rights and the conditions of the equity issue.

With the approval of the Supervisory Board, the Executive Board took advantage of this authorization in 2009, and increased the share capital by €70,073 by way of issuing 70,073 new no-par value registered shares. After the capital increase, €1,855,777 still existed out of the authorized capital 2006. In 2010, the Executive Board did not utilize this authorization.

Authorized capital 2008

The Executive Board is also authorized, with the approval of the Supervisory Board, to increase the share capital in full or in part and on one or more occasions by a total of up to €675,000 in the period until May 20, 2013, by issuing up to 675 thousand-new no-par value registered shares against cash and/or non-cash contributions (authorized capital 2008). In the case of a capital increase against cash contributions, shareholders must be granted subscription rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude fractions from 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 shareholders' subscription rights if the issue amount of the new shares is not significantly lower than the market price of the existing listed shares of the same category and with the same terms at the time at which the issue amount is definitively fixed by the Executive Board in accordance with Sections 203 (1) and (2), 186 (3) line 4 AktG, and if the shares issued in accordance with Section 186 (3) line 4 AktG in total do not exceed 10 percent of the share capital which exists at the time at which the authorization is recorded or – if lower – which exists at the time 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 subject to the direct or corresponding application of Section 186 (3) line 4 AktG are taken into consideration with regard to this limit.

The subscription right of shareholders is excluded in the case of capital increases in return for non-cash contributions, and in particular in conjunction with the acquisition of companies or equity participations or assets. The Executive Board is also 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 2006

A contingent capital increase was carried out in relation to the share capital of the company pursuant to the resolution of the general shareholders' meeting of November 3, 2006, taking account of the changes pursuant to the resolution of the general shareholders' meeting of the company of May 28, 2009, in an amount of € 200,822 by way of issuing up to 200,822 no-par-value registered shares (contingent capital I 2006). The purpose of the contingent capital I 2006 is to act as security for subscription rights arising from stock options which were issued by the company as part of the stock option plan 2006 in the period up to October 31, 2011 on the basis of the authorization of the general shareholders' meeting of the company of November 3, 2006, taking account of the changes pursuant to the resolution of the general shareholders' meeting of the company of May 28, 2009. 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 the agenda item 6 of the general shareholders' meeting of November 3, 2006. The new shares participate in the profit from the beginning of the financial year for which, at the time at which the subscription right is exercised, no resolution of the general shareholders' meeting has yet been adopted with regard to the appropriation of the cumulative profit.

The share capital has been increased by € 674 as a result of issuing 674 subscription shares in June 2009 with a nominal value of € 674. The contingent capital I 2006 accordingly amounted to € 200,148 as of December 31, 2009. In 2010, the share capital was increased by € 19,549 by way of issuing 19,549 subscription shares with a theoretical nominal value of € 19,549. The contingent capital I 2006 is thus € 180,599.

Contingent capital II 2006

Pursuant to a resolution of the general shareholders' meeting of November 3, 2006, the share capital of the company is contingently increased by a total of € 1,540,680 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 general 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. In 2010, no shares were issued out of contingent capital II 2006.

Contingent capital 2008

A contingent capital increase has been carried out in relation to the share capital of the company by way of issuing up to 231,348 new no-par-value registered shares in a total amount of € 231,348 (contingent capital 2008). The contingent capital II 2008 serves exclusively to ensure that new shares can be issued to the holders of options or conversion rights granted by the company or companies in which the company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the general shareholders' meeting on May 21, 2008.

The contingent capital increase will only be carried out to the extent that the bond holders exercise their conversion or option rights. Provided that they are created before the start of the general shareholders' meeting, the shares participate in profit from the start of the preceding financial year. Otherwise, they will participate in profit from the start of the financial year in which they are created.

The contingent capital 2008 was partially suspended pursuant to the resolution of the general shareholders' meeting of May 28, 2009, and now amounts to € 129,137. In 2010, no shares were issued out of the contingent capital 2008.

Contingent capital 2009

A contingent capital increase has been carried out in relation to the share capital of the company by way of issuing up to 197,218 new no-par-value registered shares in a total amount of € 197,218 (contingent capital 2009). The contingent capital II 2009 serves exclusively to ensure that new shares can be issued to the holders of options or conversion rights granted by the company or companies in which the company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the general shareholders' meeting on May 28, 2009 under agenda item 7 letter (a).

The contingent capital increase will only be carried out to the extent that the bond holders exercise their conversion or option rights. Provided that they are created before the start of the general shareholders' meeting, the shares participate in profit from the start of the preceding financial year. Otherwise, they will participate in profit from the start of the financial year in which they are created.

The contingent capital 2009 was partially suspended pursuant to the resolution of the general shareholders' meeting of May 27, 2010, and now amounts to € 102,900. In 2010, no shares were issued out of the contingent capital 2009.

Contingent capital 2010

A contingent capital increase has been carried out in relation to the share capital of the company by way of issuing up to 94,318 new no-par-value registered shares in a total amount of € 94,318 (contingent capital 2010). The contingent capital II 2010 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 general shareholders' meeting on May 27, 2010 under agenda item 7 letter (a).

The contingent capital increase will only be carried out to the extent that the bond holders exercise their conversion or option rights. 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.

In 2010, no shares were issued out of the contingent capital 2010.

As of December 31, 2010, a total of 381,017 (previous year: 369,487) stock options which had not expired or which had not already been exercised had been issued to employees, senior executives and the Executive Board.

Authorization to purchase treasury shares

Pursuant to the resolution of the general shareholders' meeting of May 27, 2010, and in view of the cancellation of the previous resolution of May 28, 2009, the Executive Board was authorized to purchase treasury shares as follows:

a) Authorization to purchase treasury shares
   Until May 26, 2015, the Executive Board is authorized to purchase treasury shares up to a total of 10 percent of the company's share capital which exists at the time at which the resolution is adopted (€ 5,272,447). The shares purchased in this way, together with other treasury shares which are owned by the company or which are attributable to the company in accordance with Sections 71a et seq. AktG, must not at any time exceed 10 percent of the share capital. This authorization must not be used for the purpose of trading treasury shares.

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

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

   (1) If the shares are purchased via the stock exchange, the purchase price per share paid by the company (excl. ancillary purchase costs) must not differ by more than 10 percent from the price in the Xetra trading system (or an equivalent successor system) on the Frankfurt stock exchange determined on the market trading day by the opening auction.

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

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

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

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

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

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

(1) The shares can also be sold in ways other than via the stock exchange or on the basis of an offer to all shareholders if the purchase price to be paid in cash is not significantly lower than the market price of the already listed shares with essentially the same rights. The number of shares which are sold in this way, together with the number of new shares which are issued out of authorized capital with the exclusion of shareholders' subscription rights in accordance with Section 186 (3) line 4 AktG during the period covered by this authorization and the number of shares which can be created as a result of the exercising of option and/or conversion rights or fulfillment of conversion obligations from option and/or convertible bonds and which are issued with the exclusion of shareholders' subscription rights in accordance with Section 186 (3) line 4 AktG during the period covered by this authorization must not exceed 10 percent of the share capital.

(2) The shares can be sold in return for a non-cash contribution, particularly also in connection with the acquisition of companies, parts of companies or equity participations in companies as well as mergers of companies.

(3) The shares can be used by the Executive Board or – if the Executive Board is a beneficiary – by the Supervisory Board for serving subscription rights relating to shares of the company which have been granted or which will be granted to members of the Executive Board of the company, selected senior executives, other key members of staff and employees of the company, as well as members of management, selected senior executives, other key members of staff and employees of enterprises which are affiliated with the company in accordance with Section 15 of the Aktiengesetz.

- in accordance with the stock option plan 2006, which was authorized to be set up by the general shareholders' meeting of November 3, 2006 by way of a resolution to point 6 of the agenda, most recently modified by a resolution of the general shareholders' meeting of May 28, 2009 with regard to point 10 on the agenda, or
- in accordance with the stock option plan 2008, which was authorized to be set up by the general shareholders' meeting of May 21, 2008 by the resolution to point 7 of the agenda, modified by a resolution of the general shareholders' meeting of May 28, 2009 to point 10 of the agenda, or
- in accordance with the stock option plan 2009, which was authorized to be set up by the general shareholders' meeting of May 28, 2009 by a resolution to point 11 of the agenda, or
- in accordance with the stock option plan 2010 if and to the extent that it is authorized to be set up by the general shareholders' meeting of May 27, 2010 by a resolution to point 8 of the agenda. If this benefits members of the Executive Board of the company, the Supervisory Board is responsible for taking decisions with regard to the use of treasury shares for fulfilling subscription rights.

(4) The treasury shares can be used for fulfilling conversion and option rights in relation to the company's shares. If treasury shares are to be transferred to members of the company's Executive Board, this authorization is applicable for the Supervisory Board.

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

(6) The treasury shares can be retired without such retirement or the performance of such action requiring a further resolution of the general shareholders' meeting. They can also be retired in a simplified procedure without a capital reduction by adjusting the proportionate theoretical interest of the other shares in the company's share capital. If the shares are retired using the simplified procedure, the Executive Board is authorized to adjust the number of shares in the articles of incorporation.

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

The shareholders' subscription rights relating to the treasury shares purchased on the basis of this authorization are excluded if these shares are used in accordance with the authorizations detailed above under (1) to (5).

Agreements of the company regarding compensation with members of the Executive Board or employees in the event of a take-over bid

In the event of a change of ownership of the company resulting in the obligation to submit a take-over bid (change-of-control), XING AG grants the CEO Dr. Stefan Gross-Selbeck, subject to further conditions, an exercisable and temporary special right of termination and payment of his capitalized total annual compensation (basic salary, target bonus assuming 100 percent goal attainment and ancillary benefits) for the remaining term of his service agreement, for a minimum period of one-and-a-half years. Under comparable conditions, the member of the Executive Board Ingo Chu shall receive a severance payment equivalent to max. two times his basic salary and bonus, assuming success in meeting 100 percent of targets. In this case, the members of the Executive Board Dr. Stefan Gross-Selbeck, Ingo Chu and Dr. Helmut Becker will receive a cash settlement for the stock options which cannot be exercised upon termination of their employment agreement, whereby the calculation base for the CEO Dr. Stefan Gross-Selbeck is increased by 50 thousand options if his employment agreement is terminated in the third or fourth year of his appointment.

Further disclosures

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

Explanation concerning management in accordance with Section 289a HGB

Please refer to our explanations on the website at: http://corporate.xing.com/deutsch/investor-relations/corporate-governance/hgb-289a/.

Risk report

Principles of risk management

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

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

The company continuously identifies and analyzes potential risks. The risks which are identified are systematically evaluated on the basis of the probability of occurrence and the expected potential damage. The persons with risk responsibility and senior executives are questioned with regard to the status of existing risks and the identification of new risks in the course of quarterly risk inventories and status queries.

Internal control system

In accordance with Section 315 (2) no. 5 HGB, as a capital market oriented corporation, we are obliged to describe the key features of the internal control and risk management system with regard to the accounting process.

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

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

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

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

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

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

- With regard to the accounting processes of the integrated companies and the Group accounting process, we consider that those features of the internal control and risk management system which can have a major impact on Group accounting and the overall statement of the consolidated financial statements including the Group management report are of crucial importance. These comprise in particular the following elements:
- Identification of the main risk fields and control areas which are relevant for the Group-wide accounting process;
- monitoring controls for monitoring the Group-wide accounting process and the related results at the level of the Group Executive Board and also at the level of the companies included in the consolidated financial statements;
- preventative control measures in the financial and accounting systems of the Group and of the companies included in the consolidated financial statements, as well as in operational management processes which generate major information for preparing the consolidated financial statements including the Group management report, including functional segregation and pre-defined approval processes in relevant areas;
- measures which are designed to ensure proper EDP-based processing of accounting-relevant issues and data;
- the tasks of the internal audit system for monitoring the accounting-relevant internal control and risk management system are not carried out by an "internal audit" staff department; instead, this is the responsibility of the Controlling and Accounting departments. In addition, the Supervisory Board has arranged for additional audit actions to be carried out by the auditor.
- In relation to the Group-wide accounting process, the Group has also implemented a risk management system which comprises measures for identifying and measuring major risks as well as appropriate measures for limiting risk in order to ensure the adequacy of the consolidated financial statements.

Strategic risks

Payment and receivables management

Because payment defaults would result in loss of revenues, the efficient billing of payments and the entire receivables management are extremely important for the company. The involvement of external service providers means that there are certain dependencies in this particular field. The company combats this risk by way of the legal form of the respective partnerships. Appropriate contract forms in particular ensure that the reliance on service providers is minimized, the necessary service standards are met and that the risk of technical failures is minimized.

Market and sales risks

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

In addition to the direct competition posed by social networks, further competitors may also arise in the form of companies which are closely related to the sector. These include search engines which extend their portfolio by way of community structures or major portal providers who already have a wide range of users, e.g. by means of e-mail services. In addition, as a result of strategic co-operations between foreign competitors and companies with extensive reach in the DACH region, competitors might be able to penetrate Xing's home market even more rapidly and exert additional pressure on XING growth with their prices and services. The increasing availability of mobile devices with Internet capability (e.g. iPhone, Nexus One) can also lead to competition from mobile communities.

Generally, there is a risk of a significant increase in customer losses due to unforeseen external or internal factors.

XING AG is mainly combatting these risks by constantly improving and extending its own services, and also by means of strategic partnerships. In addition, XING AG permanently monitors the development in member numbers and can take a response in plenty of time by means of prepared measures and crisis plans in the event of sudden signs of customer losses.

Risks of customer support

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

Because of XING AG's own stringent requirements regarding the quality of its platform, members expect that the company will refuse to accept any compromises in terms of quality. This comprises in particular the identification of incorrect profiles and tracing inappropriate or offensive comments on the platform.

As a result of the strong identification of many members with XING, the company usually receives direct and rapid feedback with regard to certain processes on the platform. This means that XING AG is able to respond promptly where necessary and to avert membership cancellations which would result in losses in terms of revenues.

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.

XING AG limits its liquidity risk by depositing its cash and cash equivalents exclusively with banks with high ratings. The main business model of Premium memberships and corresponding regular cash inflows provide the company with adequate liquidity. In addition, there is also a liquidity preview. This means that the solvency of the company is guaranteed at all times.

IT risks

Risks in network security, hardware and software

In order to perform its services, XING AG is dependent on the use of automated processes, the reliability and efficiency of which are, in turn, dependent on the functionality and stability of the underlying technical infrastructure. The servers used by XING and the related hardware and software are vital to the success of the company's business.

The company's systems, 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). Attacks against the platform of XING AG might result in the destruction or alteration of stored personal data, or might mean that personal data could be used for unlawful purposes or without approval. These risks include identity theft, credit card fraud or other cases of fraud, advertising e-mails and spam e-mails from companies which are not affiliated with XING AG.

The above problems might cause interruptions to operations which increase operating expenses and considerably damage the company's reputation.

XING AG is permanently engaged in ensuring the security of its systems and 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 cannot be excluded.

Process and organization risks

Risks of product development

XING AG aims to achieve constant and pro-active improvement of the platform. The company is aware that defective or low-quality products and functions can have a considerably negative impact on the company.

In order to minimize risk, a special team of employees has been set up to test new products and functionalities and has also been made responsible for constant quality assurance. In addition, the process of developing new functionalities and changes on the platform will usually be accompanied by a process of exchanging information between XING AG and its customers.

Breaches of data protection and privacy law

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

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

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

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

Overall statement regarding the company's risk situation

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

Report on post-balance sheet date events

The purchase price consists of a fixed amount of €8.0 million, €5.1 million of which was paid by the date on which these financial statements were prepared. The €1.9 million to which the management vendors are entitled was retained as the claim is linked to an 18-month requirement that the management remain in the company to be calculated on a pro rata basis. The remaining amount of €1.0 million largely serves to settle liabilities assumed as a result of acquiring amiando AG. Possible earn-outs in a range of €0.00 to €3.3 million may occur. The precise amount will be determined in two years' time, depending on the business development of amiando AG. The earn-out will also be due at that time. The company will be integrated under company law by way of a merger via the newly established subsidiary XING Events GmbH, Hamburg.

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

Forecast and opportunity report

Future direction

In the opinion of management, the social network market is one of the most dynamic and rapidly expanding sectors in the world. Companies such as XING must be able to respond rapidly and in a flexible manner to new market conditions as well as changes; they must be able to take advantage of opportunities and adjust their strategic direction. Whereas activities in 2010 focused on accelerating the growth of basis members and further diversifying operations (the amiando acquisition), the company will concentrate on the following three areas in 2011:

1. Signing up new members in the DACH region and boosting member activity.
2. Extending the premium model and improving the conversion rates from basis to premium memberships.
3. The consistent expansion and further development of vertical revenue sources.

The at present already high level of activity of the community on the platform is a crucial factor of success for XING. In particular, it is an indication that XING is the preferred business network of the members for handling their business and professional challenges. Internal analyses have established that members with above-average levels of activity are more likely to become subscribers. Last year, XING AG has demonstrated that it is on course to achieve profitable and exciting growth. The company is able to establish new business models and introduce services in line with the interests of the members. In the course of the next two years, XING AG will much ensure that its products and operations very much focus on the requirements of its members so that these products and operations will in the long term be used as daily tools by many business professionals.

Global economy

Following a phase of strong recovery in the global economy, the experts of the IMF are now expecting a slower rate of growth in the course of the next few years. They are predicting growth of 4.4 percent for the global economy in 2011, compared with 4.8 percent last year. After the recent recession, many countries attempted to implement packages designed to kick-start their economies. These programs are now coming to an end in many countries, and are resulting in the lower level of growth.

According to the World Bank, the emerging countries and developing countries will continue to be the engines driving the weaker worldwide growth. They should report growth of 6 percent and 6.1 percent for 2011 and 2012 respectively. Last year, according to recent estimates, growth in the poor countries was still running at 7 percent.

According to the IMF, economic output in the Eurozone expanded last year by 1.7 percent, and will achieve 1.5 percent growth this year – whereby Germany, in which XING AG generates most of its revenues, is expected to become the driving force behind growth in the region according to the forecasts of the experts, with 2.0 percent growth for gross domestic product.

Expected sector development

Approximately 30 percent of the total world population (www.internetworldstats.com) currently use the Internet. In Germany alone, an online study of the ARD/ZDF has established that the number of Internet users is around 50 million. The company is assuming that the number of Internet users and broadband connections will continue to rise throughout the world and also in its German-speaking core markets.

All experts consider that the rapid growth of the mobile web will be a major trend in the sector in the course of the next few years. Morgan Stanley is forecasting that sales of smartphones will outstrip PC sales in 2012. According to the experts, the breakthrough of 3G as well as the increase in powerful mobile devices will mean that the mobile web will be used more intensively than the desktop Internet in less than five years' time.

In addition, the analysts of Morgan Stanley also expect that online advertising will finally achieve the breakthrough. Budgets are increasingly being shifted in the direction of online media, and market volume growth of US$ 50 billion is expected in the USA alone. In the opinion of Management, this will in particular benefit social networks as a result of their specific range and innovative advertising approaches.

XING AG is in a good position to meet these developments. At XING, 2010 was also the year of mobile innovations. For instance, the mobile website as well as BlackBerry and iPhone applications were considerably improved, and a new Android application was also developed. An experienced team which will continue to drive the mobile innovations of the network internally in the course of the next few years was also established in 2010. The advertising team has also been strengthened. In 2011, there will also be an additional team which will be responsible for developing new advertising formats on the platform.

Opportunities report

During recent years, XING AG has established a large community with more than 10 million people. 4.5 million members alone maintain their business and professional network in the company's German-speaking core market. Nevertheless, the penetration of XING in the DACH region is just 5 percent. This will result in numerous opportunities for the individual segments.

Subscriptions: XING has established a large and sound revenue source with more than 716 thousand premium members in the DACH region. Relative revenue growth has slowed down in recent years. However, the company has also identified numerous opportunities of further expanding its core business in the course of the next few years. The company will be able to accelerate growth in the number of subscribers in the medium-to long-term with new membership models and also by way of implementing professional customer value management.

E-Recruitment: In the opinion of the company, this segment which is responsible for marketing job offers as well as professional recruiter memberships on XING is one of the most rapidly expanding areas of operation of XING AG. Since the end of the fourth quarter of 2009, XING AG has been offering professional services in this field, and enables job seekers to reach a large and also high-value target group of business professionals particularly in the German-speaking world. In the opinion of the company, the wide range of social media recruitment possibilities is still not being used by most companies. The company has identified major opportunities of considerably expanding revenues and income in this particular field in the medium term with increasing penetration and with continuing economic recovery.

Advertising: The smallest segment measured in terms of overall revenues will be able to develop new revenue potential in the short to medium term by means of a high degree of professionalization. The advertising team will be further strengthened in the first half of 2011, which means that numerous projects (incl. mobile advertising or new advertising formats) can be initiated to boost revenues in this particular field.

In addition, the acquisition of amiando AG in Munich (December 2010 and due to come into effect on January 1, 2011) will provide further opportunities of boosting revenue growth in the course of the next few years. Every year, more than 170 thousand events are organized by members for members via the XING platform. Approximately one third of this figure are so-called "paid events", for which members have to pay a fee if they wish to attend. At the beginning of the first quarter of 2011, the company will be able for the first time to generate significant sales and also contributions to earnings by means of professional solutions, including solutions in the field of event fulfillment and ticket sales. Depending on the penetration and utilization of the XING event service, this may be able to generate significant contributions to revenues and results in the course of the next few years.

Probable development of results of operations

Management continues to be optimistic for the next two years. Last year, as detailed above, the company attained key milestones in the individual segments; these indicate that there will be a positive development in revenues and results.

Expected development in revenues in the segments

The company expects to see further sound growth in the "Subscriptions" segment. The relative significance of these operations in relation to overall revenues will probably decline further in the course of the next few years due to the expected above-average growth achieved in the segments of "e-Recruiting", "Advertising" and "Other (events)". In this way, the company will gradually diversify its operations over several bases and revenue sources and will thus also reduce the risks of future business development.

At the Group level, the company expects to achieve appreciable growth in revenues and earnings adjusted by special factors (EBITDA) for the next few years. Examples of special factors to be adjusted are restructuring costs, results of disposals, impairment costs, other non-operating expenses as well as other non-operating income. The special factors are positive or negative effects which occur only once or only rarely and which, in their nature and extent, are unusual and of major significance and thus distort the result from operations.

Expected financial and liquidity situation

Management of XING AG considers that the financing and liquidity of the Group will continue to be based on a sound foundation in the course of the next two financial years. XING AG is debt-free and, with the aid of the available liquid assets, is able to respond in a very flexible and rapid manner to potential opportunities for expanding its operations. We will accordingly continue to invest in expanding the technology infrastructure in the course of the next few years (software and hardware). We are assuming that a seven-digit sum will be invested in operations in 2011 and 2012.

Hamburg, March 29, 2011

The Executive Board

(Dr. Stefan Gross-Selbeck)	(Ingo Chu)
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CONSOLIDATED FINANCIAL STATEMENTS
for the financial year from January 1 to December 31, 2010

Consolidated income statement
for the financial year from January 1 to December 31, 2010

in € thousand	Note	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
Service revenues	8	53,499	44,000
Other operating income	9	783	1,085
Total revenues		**54,282**	**45,085**
Cost of materials		0	(43)
Personnel expenses	10	(17,717)	(15,296)
Marketing expenses	11	(6,815)	(5,305)
Other operating expenses	12	(13,029)	(12,596)
EBITDA		**16,721**	**11,845**
Depreciation	13	(5,199)	(10,937)
EBIT		**11,522**	**908**
Interest income	14	84	359
Interest expenses	14	(74)	(37)
EBT		**11,532**	**1,230**
Taxes on income	15	(4,321)	(2,911)
Annual net income (previous year: annual deficit)		**7,211**	**(1,681)**
Earnings per share (undiluted) in €	16	1.37	(0.33)
Earnings per share (diluted) in €	16	1.37	(0.33)

Statement of income and accumulated earnings

for the financial year from January 1 to December 31, 2010

in € thousand	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
Total result	7,211	(1,681)
Currency translation adjustment	(20)	(113)
Other result	**(20)**	**(113)**
Total result for the period	**7,191**	**(1,794)**

Consolidated balance sheet

as of December 31, 2010

Assets in € thousand	Note	31/12/2010	31/12/2009
Non-current assets			
Intangible assets			
Purchased software	17	2,969	2,952
Self-developed software	17	7,416	6,354
Goodwill	17	13,440	13,440
Other intangible assets	17	3,368	4,592
Property, plant and equipment			
Tenant improvements	17	883	644
Other plant and machinery		2,012	1,674
Down payments to assets under construction	17	350	0
Financial assets			
Equity participations	17	50	50
Other financial assets	17	35	24
Deferred tax assets	15	485	346
		31,008	**30,076**
Current assets			
Receivables and other assets			
Receivables attributable to services	18	4,573	6,478
Tax refund assets	18	139	92
Other assets	18	825	1,241
Cash and cash equivalents and other current deposits	18	59,036	42,862
		64,573	**50,673**
		95,581	**80,748**

Liabilities in € thousand	Note	31/12/2010	31/12/2009
Shareholders' equity			
Subscribed capital		5,292	5,272
Treasury stock	19	(3,041)	(3,041)
Capital reserves	19	29,586	40,586
Other reserves	19	14,867	2,607
Cumulative profit	19	14,475	7,264
		61,179	**52,688**
Non-current liabilities			
Deferred tax liabilities	15	2,831	2,646
Deferred income	20	1,337	1,275
		4,168	**3,921**
Current liabilities			
Trade accounts payable	21	514	802
Deferred income	21	18,893	14,958
Tax provisions	21	4,884	2,750
Other liabilities	21	5,943	5,629
		30,234	**24,139**
		95,581	**80,748**

Consolidated cashflow statement

for the financial year from January 1 to December 31, 2010

in € thousand	Note	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
Earnings before taxes		11,532	1,230
Depreciation on capitalized development costs	13	1,730	1,883
Depreciation	13	3,468	9,054
Personnel expenses stock option program	10	713	1,048
Interest income	14	(84)	(359)
Interest received		84	359
Interest expenses	14	74	37
Taxes paid		(2,187)	(2,009)
Profit from disposal of fixed assets		(1)	(4)
Change in receivables and other assets		2,321	(3,055)
Change in liabilities and other liabilities		766	(49)
Change in deferred income		3,997	5,925
Cashflow from operating activities		**22,413**	**14,060**
Capitalization of self-developed software	17	(2,792)	(3,541)
Purchase of other software	17	(1,089)	(1,855)
Purchase of other intangible assets	17	(1,050)	(2,478)
Result from the disposal of fixed assets		4	9
Purchase of property, plant and equipment	17	(1,793)	(1,361)
Purchase of consolidation companies (less cash acquired)	7	0	(4,606)
Investment in other finacial assets	17	(11)	(30)
Cashflow from investing activities		**(6,731)**	**(13,861)**

in € thousand	Note	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
Capital increases		586	1,046
Transaction costs for capital increase		0	(36)
Share buyback		0	(949)
Redemption of stock options		0	(48)
Repayment of liabilities from finance leases		0	(122)
Interest paid		(74)	(37)
Cashflow from financing activities		**512**	**(146)**
Differences due to currency translation		(20)	(113)
Change in cash and cash equivalents		**16,174**	**(60)**
Cash and cash equivalents at the beginning of the period		42,862	42,922
Cash and cash equivalents at the end of the period[1]	18	**59,036**	**42,862**

[1] Cash and cash equivalents are liquid assets.

Consolidated statement of movements in shareholder equity

for the financial year from January 1 to December 31, 2010

in € thousand	Note	Subscribed capital	Capital reserved	Treasury stock
Balance 01/01/2009		**5,202**	**38,517**	**(2,092)**
Currency translation	5	0	0	0
Total income and expense for the period recognised directly in the equity		**0**	**0**	**0**
Net result		0	0	0
Total result for period		**0**	**0**	**0**
Share buyback		0	0	(949)
Acquisition of minorities		0	0	0
Ancillary costs capital increase		0	0	0
Capital increase to acquire parts of the company		70	2,050	0
Capital increase from share-based payment		(0,7)	19	0
Addition from stock options program	10	0	0	0
As of 31/12/2009		**5,272**	**40,586**	**(3,041)**
Balance 01/01/2010		**5,272**	**40,586**	**(3,041)**
Currency translation	5	0	0	0
Total income and expense for the period recognised directly in the equity		**0**	**0**	**0**
Net result		0	0	0
Total result for period		**0**	**0**	**0**
Reclassification due to offset of losses at XING AG		0	(11,567)	0
Capital increase from share-based payment		20	567	0
Addition from stock options program	10	0	0	0
As of 31/12/2010		**5,292**	**29,586**	**(3,041)**

Other reserves	Cumulative profit/(loss)	Total	Minorities	Shareholders' equity, total
1,756	**9,068**	**52,451**	**(123)**	**52,328**
(113)	0	(113)	0	(113)
(113)	**0**	**(113)**	**0**	**(113)**
0	(1,681)	(1,681)	0	(1,681)
(113)	**(1,681)**	**(1,794)**	**0**	**(1,794)**
0	0	(949)	0	(949)
0	(123)	(123)	123	0
(36)	0	(36)	0	(36)
0	0	2,120	0	2,120
0	0	19	0	19
1,000	0	1,000	0	1,000
2,607	**7,264**	**52,688**	**0**	**52,688**
2,607	**7,264**	**52,688**	**0**	**52,688**
(20)	0	(20)	0	(20)
(20)	**0**	**(20)**	**0**	**(20)**
0	7,211	7,211	0	7,211
(20)	**7,211**	**7,191**	**0**	**7,191**
11,567	0	0	0	0
0	0	587	0	587
713	0	713	0	713
14,867	**14,475**	**61,179**	**0**	**61,179**

Notes to the consolidated financial statements

for the financial year from January 1 to December 31, 2010

A Principles and methods

1. Information concerning the company

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

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

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

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

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

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

2. Basis for preparing the financial statements

The consolidated financial statements of XING AG and its subsidiaries for the financial year ending December 31, 2010, have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU and supplemented by the additional regulations of commercial law stipulated by section 315a (1) HGB.

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

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

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

The consolidated income statement for the financial year from January 1 to December 31, 2010 appears before the consolidated balance sheet, dated December 31, 2010. Accordingly, the notes to the consolidated income statement for the period ending December 31, 2010 appear before notes to the consolidated balance sheet.

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

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

The consolidated financial statements and the Group Management report for the period ending December 31, 2010 were approved for publication by the Executive Board on March 29, 2011, and will be presented to the Supervisory Board of the Company for approval on March 30, 2011.

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

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

As of January 1, 2010, the Group applied the following new and revised IFRS standards and interpretations:

IFRS 1 – First-time Adoption of International Financial Reporting Standards

The terms of IFRS 1 are targeted at parties applying IFRS for the first time, and therefore do not have any impact on the Group.

IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions

The amendments to IRFS 2 were published in June 2009, and are initially in the reporting period beginning on or after January 1, 2010. The amendments clarify how group cash-settled share-based payment transactions should be accounted for in financial statements.

As the Group does not execute such group cash-settled share-based payment transactions, this standard does not have any impact on the consolidated financial statements.

IFRS 3 Business Combinations

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

The changes have an impact on the figure shown for goodwill, the results of the reporting period in which a company acquisition takes place, and the results of subsequent periods. In particular, the application of the full goodwill method in the case of acquisitions with minority shareholders may result in higher goodwill. As there were no such results in the 2010 financial year, this standard amendment has no impact on the consolidated financial statements.

IAS 27 Consolidated and Separate Financial Statements According to IFRS

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

The Group does not have any hedging instruments as per IAS 27, hence this standard does not impact the consolidated financial statements.

Changes to IAS 39 – Eligible Hedged Items

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

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

Improvements to IFRS

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

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

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

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

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

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

  The invested liquid assets of XING AG have to be classified as "current" according to the criteria set out in IAS 1. The Group does not have any financial instruments which do not have to be classified as "current" under IAS 1, therefore the application of this standard does not affect the Group.

- IAS 7 Cash Flow Statement: It has been expressly determined that only expenditures that result in a recognized asset can be classified as "investing" in the cash flow statement.

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

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

  In the past, it has not been the policy of XING AG to pay out dividends. Subject to a different decision for 2011, this standard will not have any impact on the consolidated financial statements.

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

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

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

  This will not have any impact on the consolidated financial statements for 2010.

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

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

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

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

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

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

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

  The Group does not have any associates, hence this standard does not impact the consolidated financial statements.

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

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

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

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

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

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

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

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

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

IFRS 2	Share-based Payment
IFRS 7	Financial Instruments: Disclosures
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 19	Employee Benefits
IAS 31	Interests in Joint Ventures
IAS 40	Investment Property
IFRIC 9	Reassessment of Embedded Derivatives

IFRIC 12 Service Concession Arrangements

The IFRIC Interpretation 12 was endorsed in November 2006, and is initially applicable in the reporting period beginning on or after January 1, 2008. This interpretation was adopted into EU law in March 2009 and will be applicable in the EU at the beginning of the first financial year after June 30, 2009, at the very latest. The interpretation addresses how service concession operators should apply IFRS to account for obligations they assume and rights they receive in service concession arrangements.

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

IFRIC 15 Agreements for the Construction of Real Estate

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

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

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

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

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

IFRIC 17 Distribution of Non-cash Assets to Owners

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

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

IFRIC 18 Transfers of Assets from Customers

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

IFRIC 18 has no impact on the consolidated financial statements as the Group does not currently conduct investments of this type.

The International Accounting Standards Board (IASB) has published the standards and interpretations listed below which were adopted into EU law within the scope of the comitology procedure. These standards and interpretations were not mandatory for the 2010 financial year, and the Group chose not to apply them prematurely.

Amendment to IFRS 1 – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters

The terms of IFRS 1 are targeted at parties applying IFRS for the first time, and therefore do not have any impact on the Group.

IAS 24 Related Party Disclosures

The revised standard IAS 24 was endorsed in November 2009, and is initially applicable in the reporting period beginning on or after January 1, 2011. The aim of this revision is to simplify the definition of a related party while removing certain internal inconsistencies and providing some relief for state-related entities with regard to the amount of information such entities need to provide in respect to related party transactions. The standard envisions a retrospective application of the amendment.

This broadening of the definition is likely to result in additional disclosures about the Group's related parties in future. Application of the revised definition is currently being investigated, despite the fact that it will have no impact on the method and evaluation of assets and liabilities in the consolidated financial statements in future.

Amendment to IAS 32 – Classification of Rights Issues

The amendment to standard IAS 32 was endorsed in October 2009, and is initially applicable in the reporting period beginning on or after February 1, 2010. The amendment requires that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The standard envisions a retrospective application of the amendment.

As a result of this amendment, rights issues are now classified and reported as equity instruments rather than derivates. As the Group has not granted such rights issues, this standard will not have any impact on its net assets, financial position or results.

Amendment to IFRIC 14 – Minimum Funding Requirements of Pension Funds

The modification to IFRIC 14 was endorsed in November 2009, and is initially applicable in the reporting period beginning on or after January 1, 2011. IFRIC was endorsed in July 2007 and was intended to govern how entities should determine the limit placed by IAS 19 Employee Benefits on the amount of a surplus in a pension plan they can recognize as an asset. The amendment corrects an unintended consequence in some countries, thus enabling companies to recognize as an asset some voluntary prepayments for minimum funding contributions. The standard envisions a retrospective application of the amendment.

As the Group does not currently have any assets specially intended for financing and safeguarding pension plans, this amendment is not expected to have any impact on its financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The IFRIC Interpretation 19 was endorsed in November 2009, and is initially applicable in the reporting period beginning on or after July 1, 2010. The interpretation states that if a debtor issues equity instruments to a creditor to extinguish all or part of a financial liability, those equity instruments are 'consideration paid' in accordance with IAS 39.41. These equity instruments are to be recognized at their fair value or the fair value of the amortized liability, whichever can be more accurately assessed. Any difference between the carrying amount of the amortized liability and the fair value of issued equity instruments is to be recognized directly in the net income/loss for the period. The standard envisions a retrospective application of the amendment.

Due to a lack of such transactions, this interpretation is not expected to have any impact on the Group's financial statements.

The International Accounting Standards Board (IASB) has published the standards and interpretations listed below which were not mandatory for the 2010 financial year, have yet to be endorsed by the EU, and are therefore not applied by the Group.

Amendment to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

The terms of IFRS 1 are targeted at parties applying IFRS for the first time, and therefore do not have any impact on the Group.

Amendment to IFRS 7 – Disclosures of Transfers of Financial Assets

The amendment to standard IFRS 7 was endorsed in October 2010, and is initially applicable in the reporting period beginning on or after July 1, 2011. The amendment states that an entity shall provide the required disclosures for all transferred financial assets that are not derecognized and for any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred.

This amendment will probably lead to enhanced disclosures regarding financial instruments. It is not however expected to impact on the method and evaluation of assets and liabilities in the consolidated financial statements in future.

IFRS 9 Financial Instruments: Classification and Measurement

The first part of phase I in preparation of IFRS 9 financial instruments was endorsed in November 2009, and is initially applicable in the reporting period beginning on or after January 1, 2013. The standard governs changes to the classification and measurement of financial assets where debt instruments are accounted either at amortized cost or fair value through profit or loss depending on their characteristics and the business model in question. Equity instruments must be measured at fair value through profit or loss. Fluctuations in the value of equity instruments may however be recognized as other results due to the granted instrument-specific choice available at the time of recognizing the financial instrument. In this case, only certain equity instrument dividends will be eligible for measurement at fair value through profit or loss. Financial assets used for trading purposes are an exception to this rule as they have to be measured at fair value through profit or loss. In October 2010, the IASB concluded part two of phase I of the project. The standard was therefore extended to include financial liability terms and is intended to retain existing classification and measurement guidelines for financial guidelines with the following exceptions: The effects resulting from a change to own credit risk for financial liabilities classified as fair value at profit or loss have to be recognized directly. In addition, derivative liabilities on unquoted equity instruments may no longer be shown at cost of purchase. The period of applicability remains unaffected (January 1, 2013). Companies are however free to prematurely apply the terms laid out in the 2009 version and separate from the financial liability terms. Premature application of the financial liability terms is also permitted, but only in conjunction with the 2009 version. The standard envisions a retrospective application of the amendment.

This project is due to be concluded in mid-2011. Application of the first part of phase I will have an impact on the classification and measurement of the Group's financial assets. The second part of this project phase will have little impact on the Group's net assets, financial position or results. In order to get a comprehensive insight into potential effects of these changes, the Group will only quantify said effects in conjunction with the other phases once they have been published.

Amendment to IAS 12 – Deferred Taxes Recovery of Underlying Assets

The modification to IAS 12 was endorsed in December 2010, and is initially applicable in the reporting period beginning on or after January 1, 2012. The amendment requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale.

In the German legal system, the application of this amendment is not expected to impact the net assets, financial position or results of the Group.

Improvements to IFRS 2010

The improvements to IFRS 2010 are an omnibus of amendments to the International Accounting Standards Board's standards endorsed in May 2010 along with amendments to various IFRS standards. The document also provides the effective date for the amendments and transitional provisions. Unless otherwise noted, the effective date for the amendments is for annual periods beginning on or after January 1, 2011. The Group has not yet applied the following amendments:

All amendments to IFRS 1: Initial application of the International Financial Reporting Standards do not impact the consolidate financial statements, so no further explanation is required in this regard.

IFRS 3 Business Combinations

Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS: Clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemp-tion for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). The amendment is applicable to annual periods beginning on or after July 1, 2010.

The Group does not have any such business combinations, so this amendment is not expected to impact its consolidated financial statement.

Measurement of non-controlling interests (NCI): This amendment limits the scope of the measurement choices that only the components of NCI that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, shall be measured either at fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. Other components of NCI are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS, e.g., IFRS 2. The amendment is applicable to annual periods beginning on or after July 1, 2010.

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

Unreplaced and voluntarily replaced share-based payment awards: Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. However, if the entity replaces the acquiree's awards that expire as a consequence of the business combination, these are recognized as post-combination expenses. This amendment specifies the accounting for share-based payment transactions that the acquirer does not exchange for its own awards: if vested – they are part of NCI and measured at their marked-based measure; if unvested – they are measured at market-based value as if granted at acquisition date, and allocated between NCI and post-combination expense. The amendment is applicable to annual periods beginning on or after July 1, 2010. The amendment is applied prospectively from the first-time adoption of IFRS 3 (2008).

As the Group does not execute such group cash-settled share-based payment transactions, this standard is not expected to have any impact on the consolidated financial statements.

IFRS 7 Financial Instruments: Disclosures

This modification emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment is applied retrospectively.

This amendment will probably lead to enhanced disclosures regarding financial instruments. It is not however expected to impact on the method and evaluation of assets and liabilities in the consolidated financial statements in future.

IAS 1 Presentation of Financial Statements

This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment is applied retrospectively.

This amendment may have some representational impact on the consolidated financial statement. The Group will not amend this analysis, however, so the amendment will not have any effects on representation in the consolidated financial statement.

IAS 27 Consolidated and Separate Financial Statements

This amendment clarifies that the consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures apply prospectively for annual periods beginning on or after July 1, 2009, or earlier when IAS 27 is applied earlier. The amendment is applicable to annual periods beginning on or after July 1, 2010. The amendment is applied retrospectively.

Due to a lack of such transactions, this interpretation is not expected to have any impact on the Group's financial statements.

IAS 34 Interim Financial Reporting

This amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets, and changes in contingent liabilities and assets. The amendment is applied retrospectively.

This amendment may require additional disclosures in an entity's interim financial statements. It is not however expected to impact on the method and evaluation of assets and liabilities in the consolidated financial statements in future.

IFRIC 13 Customer Loyalty Programs

This amendment clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account. The amendment is applied retrospectively.

As the Group does not have any customer loyalty programs, this amendment does not impact the consolidated financial statements.

3. Consolidated companies and corporate mergers and acquisitions

The consolidated financial statements include subsidiaries which are controlled by the parent company. Control is presumed if the parent company, directly or indirectly, owns more than half of the voting rights of the subsidiary, unless it can be clearly demonstrated that this investment does not constitute control. Subsidiaries are considered to be consolidated from the date on which the Group acquired control, and considered no longer consolidated from the date on which the Group no longer exercises control.

The consolidation includes the following companies:

	Equity holding 31/12/2010 in %	Equity holding 31/12/2009 in %	Initial consoli-dation	Equity 31/12/2010 in € thousand	Result 2010 in € thousand
XING Hong Kong Ltd., Hong Kong, China	100	100	2006	(44)	121
openBC Network Technology (Beijing) Co. Ltd., Beijing, China	100	100	2006	30	(52)
Grupo Galenicom Tecnologias de la Informacion (eConozco), S.L., Barcelona, Spain	100	100	2007	(5)	(7)
XING International Holding GmbH, Hamburg, Germany	100	100	2007	(31)	(14,200)
XING Networking Spain, S.L., Barcelona, Spain[1]	100	100	2007	126	104
EUDA Uluslararasi Danismanlik ve Bilisim Hizmetleri Limited Sirketi (XING Turkey), Istanbul, Turkey[2]	100	100	2008	121	25
XING Switzerland GmbH, Sarnen, Switzerland[1]	100	100	2008	29	1
XING Italy S.R.L., Mailand, Italy[1]	100	100	2009	35	(13)
Socialmedian Inc., Wilmington, Delaware, USA	100	100	2009	0	0
XING Insan Kaynaklari Uluslararasi Danismanlik Hizmetleri Ltd. Sti., Istanbul, Turkey[2]	100	0	2010	(1)	(4)
Kronen tausend615 GmbH, Berlin (in future: XING Events GmbH, Hamburg), Germany	100	0	2010	25	0

[1] 100% are held indirectly via shares of 100 percent in XING International Holding GmbH, Hamburg, Germany.
[2] Shares of 99.5 percent are held indirectly via 99.5 percent of shares in XING International Holding GmbH, Hamburg, Germany, and 0.5 percent of shares are held directly by XING AG.

In January 2009, the Group topped up its shares in XING Hong Kong Ltd. from 85 percent to 100 percent. A purchase price of €80 thousand was paid for these shares. The purchase increased the goodwill accordingly, as XING Hong Kong had already been consolidated in the 2008 financial year.

On January 13, 2009, XING Italy Srl. was founded in Milan, Italy, with registered capital of €25 thousand.

In January 2009, XING purchased Socialmedian Inc, Wilmington, Delaware, USA, a leading developer in online social news networks. The purchasing price amounted to €2.9 million in cash and shares plus a possible success-based earn-out of up to €2.5 million.

In June 2010, XING Insan Kaynaklari Uluslararasi Danismanlik Hizmetleri Ltd. Sti., was founded in Istanbul, Turkey, with registered capital of TRY 5,000.

In December 2010, XING AG acquired Kronen tausend615 GmbH, headquartered in Berlin, Germany, with registered capital amounting to €25 thousand. In the future, the subsidiary company will operate under the name XING Events GmbH, headquartered in Hamburg, Germany. In December 2010, XING Events GmbH purchased 100 percent of shares in the Munich-based events platform amiando AG. The purchase price consists of a fixed amount of €8.0 million, €5.1 million of which was paid by the date on which these financial statements were prepared. The €1.9 million to which the management vendors are entitled was retained as the claim is linked to an 18-month requirement that the management remain in the company to be calculated on a pro rata basis. The remaining amount of €1.0 million largely serves to settle liabilities assumed as a result of acquiring amiando AG. Possible earn-outs in a range of €0.00 to €3.3 million may occur. The precise amount will be determined in two years' time, depending on the business development of amiando AG. The earn-out will also be due at that time.

All internal Group balances, business transactions, profits and expenses as well as all results from inter-Group transactions have been eliminated in full.

Subsidiaries have been fully consolidated from the purchase date. The purchase date is considered to be the date on which XING gained control of the subsidiary.

4. Key discretionary decisions and estimates

Drafting a consolidated financial statement requires making assumptions and estimates, which have an effect on the stated figures and the explanations of said figures in the consolidated financial statement. Although these estimates are made in accordance with the best knowledge of management, actual results may differ from these estimates.

On an annual basis, the Group decides whether the goodwill resulting from the acquisition of companies in Spain and Turkey in previous years is impaired or not. Such a determination is based on an estimate of the recoverable amount of the cash-generating unit to which the goodwill is assigned. An estimate of the recoverable amount entails that the Group assesses the expected future cash flow of the cash-generating unit and selects an appropriate discount rate for calculating the cash value of this cash flow. On December 31, 2010, the carrying amount of the goodwill amounted to €13,440 thousand (previous year: €13,440 thousand).

Discretionary decisions are also necessary when recognizing development costs for software. The Company has made these estimates based on the information that was available at the time these financial statements were published. The carrying amount for capitalized development costs amounted to €7,416 on December 31, 2010 (previous year: €6,354 thousand).

The costs for granting equity instruments to employees are valuated within the Group using the fair value of these instruments at the time they are granted. In order to estimate the fair value of stock-based remuneration, the most appropriate valuation procedure for the granting of equity instruments must be determined, and this depends on the conditions of granting. Furthermore, it is also necessary to determine suitable data for the valuation procedure, including in particular the predicted option term, volatility, dividend yields, and corresponding assumptions. The assumptions and procedures employed in estimating fair value of stock-based remuneration are depicted in the "Other disclosures" category.

5. Foreign currency translation

The consolidated financial statements are completed in euros, the functional currency and reporting currency of the Group. Every company within the Group sets its own functional currency, and all items relating to this company in the annual financial statements are recorded in this functional currency. Monetary assets and liabilities in foreign currency are converted into the functional currency at the exchange rate valid on the balance sheet date. Exchange rate differences arising from this conversion are listed in the net income for the period.

Non-monetary positions which show historic costs in foreign currency are converted using the exchange rate valid at the time of the business transaction. Non-monetary positions which show fair value in foreign currency are converted using the exchange rate valid at the time of the fair value.

The functional currency of XING Hong Kong Ltd. is the Hong Kong dollar (HKD), the functional currency of openBCNet-work Technology (Beijing) Co. Ltd. is the Chinese Renminbi (CNY), and the functional currency of EUDA Uluslararasi Danismanlik ve Bilisim Hizmetleri Ltd. Sti. and XING Insan Kaynaklari Uluslararasi Danismanlik Hizmetleri Ltd. Sti. is the Turkish lira (TRY). The functional currency of XING Switzerland GmbH is the Swiss franc (CHF), and the functional currency of Socialmedian is the US dollar (USD). As of the balance sheet date, the assets and liabilities of companies are converted to the Group's reporting currency at the exchange rate valid on the balance sheet date. The income statement is converted using the weighted average exchange rates for the reporting year. Exchange rate differences are reported directly outside of the income statement as a separate component of equity.

6. Summary of key accounting principles

Expenses for the purchase of other intangible assets are capitalized and written down according to the linear method for the expected economic service life. The write-down begins at the time in which the intangible asset can be used.

In accordance with IAS 358 and SIC 32, intangible assets which arise from the development of a single project can only be recognized if the Group can prove that the technical feasibility for completing the project for internal use or sale is present, that there is the intent to complete the project so that the asset can be used internally or sold, that the asset will generate a future economic benefit, that resources for completing the project are available and outputs can be reliably measured. After the first-time application of development costs, the asset will be balanced at production costs minus accumulated write-downs and accumulated impairments. All capitalized development costs will be written down across the remaining economic service life of the XING platform using the linear model.

On December 31, 2010, the remaining economic service life of the platform was 48 months. On January 1, 2008, the economic service life of the platform was estimated at an additional five years, according to which the remaining economic service life of the platform on December 31, 2009, amounted to 36 months. At the beginning of the 2010 financial year, the remaining economic service life was set at an additional five years.

The fair value of development costs is subjected to an annual impairment test, provided the asset has not yet been used or if indicators for an impairment are present over the course of the year.

Intangible assets are tested for impairments as soon as indications of an impairment arise. The amortization period and the method of amortization for intangible assets with limited economic service life are tested at the end of every financial year or more frequently. The Group recognizes customer relations resulting from the acquisition of companies in Spain and Turkey in previous years. The amortization period for customer relations ranges from four to eleven years. If the estimated recoverable amount is less than the carrying amount, an impairment loss is recognized equal to the difference between the recoverable amount and the carrying amount. If the reason for an impairment no longer applies, the impairment loss is reversed, but only to the carrying amount which would have been recorded if no impairment loss had been recognized.

The Company balances corporate acquisitions using the purchase method, which leads to the creation of goodwill in the event of a positive balance. Goodwill acquired during a corporate merger is initially recognized as part of the purchase cost, although it refers to additional costs of the corporate merger in contrast to the share of the Group in the net present value of identifiable assets, liabilities and contingent liabilities. In accordance with IFRS, the goodwill is not written down systematically for its economic service life. The Company is required to test goodwill for impairments at least once a year, provided there are no indications for potential impairments.

If there are indications of an impairment, goodwill must be tested immediately for impairment. In the interests of testing for impairment, goodwill is assigned to each of the Group's cash-generating units which will conceivably benefit from the synergies of the merger from the date of acquisition. The impairment is determined by calculating the recoverable amount of the cash-generating unit to which the goodwill has been assigned. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment is recognized.

Fixed assets are assigned to purchase costs minus accumulated linear depreciation for the entire economic service life of three (IT equipment) to 13 years (office equipment) and accumulated impairments. The remaining carrying amounts, economic service lives and amortization methods are revised and adjusted at the close of the financial year, if necessary.

Financial assets in the sense of IAS 39 are assigned to various categories. At the initial recognition of such assets, they will be evaluated at fair value. Furthermore, directly attributable transaction costs from financial investments will be taken into account which are not classified on the balance sheet at fair value.

After initial recognition, available-for-sale financial instruments are evaluated at fair value, and profits and losses are directly recognized as equity.

Fair values of shareholdings which are actively traded on an organized financial market are determined by the current offering price at the end of the financial year as of the balance sheet date. If the fair value cannot be reliably determined, the shareholdings will be evaluated at amortized cost.

Financial instruments in the categories "Loans and receivables" and "Other liabilities" are evaluated at amortized cost.

Impairments to financial instruments are recognized on the balance statement.

At present, the Group does not hold any financial instruments in the categories "Fair value through profit or loss" and "Held unto maturity".

Financial assets are written off if i) the contractual rights to cash flows from the financial assets no longer exist, or ii) the Group retains the right to generate cash flows from the asset but is obligated to pay these cash flows immediately to a Third Party as part of a transfer agreement, or iii) the right to generate cash flows from the financial assets is transferred and either (a) all material risks and opportunities are transferred, or (b) all material risks and opportunities are neither transferred nor retained, but the authority to dispose is transferred.

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

A financial liability is written off when the obligation arising from the liability is waived or rescinded or expires.

In accordance with IAS 12, deferred taxes are created for temporary differences between the carrying value of an asset or a liability on the balance sheet and its basis for tax assessment.

Deferred tax assets and deferred tax liabilities are recognized in the amount of the tax liability or tax credit expected for the following financial years, based on the tax laws as applicable on the balance sheet date. Tax assets resulting from tax losses carried forward were capitalized to the extent that it is probable in the near future a tax result will accumulate with which the losses carried forward can be cleared.

Deferred taxes will be calculated by means of the tax rates valid at the time when it is predicted that the temporary differences will be resolved. The effect of changes to tax law which affect deferred tax assets and deferred tax liabilities will be calculated on the income statement in the period in which the change goes into effect. The tax rate of 32.3 percent (previous year: 32.3 percent) comprises corporation tax, solidarity tax and the average applicable trade tax rate.

Deferred tax assets will be created when assets have been recognized at a value lower than or liabilities have been recognized at a value lower than the basis for assessing tax, providing these differences are temporary in nature and tax deductible.

Deferred tax liabilities will be created when assets have been recognized at a value higher than or liabilities have been recognized at a value lower than the basis for assessing tax, providing these differences are temporary in nature and taxable.

The calculation of deferred tax assets for unused tax losses carried forward is made based on a clear two-year planning period.

Claims and other assets are recognized with the original invoice amount less an impairment for uncollectible sums or sums that are no longer completely collectible. Impairments are created when there are objective indications that a claim is no longer collectible or no longer completely collectible.

Liquid funds and cash on hand are valued at their nominal amounts.

In accordance with IAS 32.35, costs of procuring shareholders' equity are balanced as deductions from equity (settle-ment with capital reserves), less the associated income tax benefits, but only to the extent to which these tax benefits are expected.

Certain employees and executives in the Group receive stock-based remuneration in the form of equity instruments (stock options). The costs for transactions in which these equity instruments are granted are valuated within the Group using the fair value of these instruments at the time they are granted. The fair value of these instruments is determined by external experts by means of established evaluation models.

Expenses from these transactions are recognized over the period in which the service conditions are fulfilled with a corresponding increase of equity. This period ends only from the moment in which the affected employee or executive becomes an irrevocable beneficiary (time of initial exercise). At all times during the period until the time of initial exercise, the cumulated expenses reflect the portion of already expired vesting period and the number of equity instruments which will finally become vested in the best estimation of the Group. The amount by which the income statement is charged or credited reflects the development of cumulative expenses recognized at the beginning and end of the reporting period. The dilution effect of outstanding stock options will be taken into account when calculating the result per share as an additional dilution.

The purchase of treasury shares is recognized directly in equity, and reduces equity accordingly. Financial leasing arrangements, which transfer practically all risks and all benefits of ownership of the leased asset to the Group, are recognized at the beginning of the leasing arrangement at the cost of purchase of the leasing object. Leasing payments are divided into an interest share and an amortization share of the lease debt, allowing for constant interest rate over the entire period for the remaining liability. Financing costs are recognized directly on the income statement. As of December 31, 2010, there were no financial leasing arrangements (December 31, 2009: no financial leasing arrangements).

Provisions are created if 1) the Company has a current obligation from a past transaction, ii) an outflow of financial resources is expected to fulfill the obligation, and iii) a reliable estimate of the extent of the obligation is possible.

Contingent liabilities are defined as possible obligations, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not fully under the control of the Company. Obligations for which an outflow of resources is unlikely or for which an outflow of resources cannot be reliably measured are summarized under this item. In accordance with IAS 37, contingent liabilities are not recognized on the balance sheet.

Earnings from member contributions are recognized on a daily basis taking into account the proportional length of each membership as of the balance sheet date. All prepayments received for periods after the balance sheet date are listed as deferred revenues in the balance sheet. Deferred revenues are recognized in the subsequent periods.

Earnings from Jobs and Advertising are recognized on a daily basis taking into account the proportional length of each term of contract as of the balance sheet date. All prepayments received for periods after the balance sheet date are listed as deferred revenues in the balance sheet. Deferred revenues are recognized in the subsequent periods.

Trade accounts payable and other liabilities are balanced at their redemption amount.

Calculation differences due to rounding may occur.

7. Corporate acquisitions and discontinued business areas

Purchase of shares in Socialmedian Inc.

On February 2, 2009 (closing date), the Group purchased 100 percent of voting shares in Socialmedian Inc., Wilmington, Delaware, USA, an Internet-based social network. The acquisition was balanced according to the purchase method. Socialmedian was initially consolidated on March 31, 2009, as control was gained at this time.

Purchase costs totaling €2,900 thousand for 100 percent of shares were paid in 2009 in the form of a cash payment of €1,806 thousand and a capital increase carried out in March 2009 (€1,094 thousand). Furthermore, costs directly attributable to the acquisition amounting to €347 thousand and payments of €205 thousand into Socialmedian's equity were capitalized.

Outflow of funds due to the acquisition of 100 percent of shares:

in € thousand	
Cash acquired with the subsidiary	15
Cash outflows	(2,358)
Cash outflows (net)	**(2,343)**

During the 2010 reporting period, Socialmedian affected Group results by €0 (previous year: €-261 thousand). Goodwill on the balance sheet resulted from expected synergies and other benefits from the consolidation of assets and activities of Socialmedian with those of the Group.

The fair value of identifiable assets and liabilities of Socialmedian correspond with the carrying amounts and can be broken down as follows at the time of initial consolidation:

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

Assets amounting to €443 thousand were assumed as part of the acquisition of Socialmedian.

Due to changes in the corporate strategy, the synergies and other benefits of the corporate acquisition could no longer be utilized, and a value adjustment to the goodwill and other assets amounting to 100 percent was recognized as of December 31, 2009.

Other disclosures in accordance with IFRS 3 B64 are not possible at the moment for lack of reliable IFRS data.

Acquisition of shares in XING Hong Kong Ltd.

In January 2009, the Group topped up its shares in XING Hong Kong Ltd. from 85 percent to 100 percent. A purchase price of €80 thousand was paid for these shares. The purchase increased the goodwill accordingly, as XING Hong Kong had already been consolidated in the 2008 financial year.

Founding of XING Italy Srl.

XING Italy was founded on January 13, 2009, in Milan, Italy. The task of XING Italy was to be the expansion of the XING portal and the sale of XING products in Italy. As a result of the difficult market situation and the experiences of the initial months after founding, a decision was made in September 2009 to end the activities in Italy, as the necessary outflow of financial resources for realistically achieving the set goals was too high. Provisions of €400 thousand were recognized on the income statement in September 2009 for closing down the subsidiary. Of these, €300 thousand comprised obligations to staff, €50 thousand were obligations to legal advisors, and €50 thousand for the landlord of the office in Milan. The provisions were largely exhausted in the fourth quarter of 2009.

Founding of XING Insan Kaynaklari Uluslararasi Danismanlik Hizmetleri Ltd. Sti.

In June 2010, XING Insan Kaynaklari Uluslararasi Danismanlik Hizmetleri Ltd. Sti., Istanbul, Turkey, was founded with TRY 5,000 in equity.

Acquisition of Kronen tausend615 GmbH and purchase contract for amiando AG

In December 2010, XING AG acquired Kronen tausend615 GmbH, headquartered in Berlin, Germany, with registered capital amounting to €25 thousand. In the future, the subsidiary company will operate under the name XING Events GmbH, headquartered in Hamburg, Germany. In December 2010, XING Events GmbH purchased 100 percent of shares in the Munich-based events platform amiando AG. The purchase price consists of a fixed amount of €8.0 million, €5.1 million of which was paid by the date on which these financial statements were prepared. The €1.9 million to which the management vendors are entitled was retained as the claim is linked to an 18-month requirement that the management remain in the company to be calculated on a pro rata basis. The remaining amount of €1.0 million largely serves to settle liabilities assumed as a result of acquiring amiando AG. Possible earn-outs in a range of €0.00 to €3.3 million may occur. The precise amount will be determined in two years' time, depending on the business development of amiando AG. The earn-out will also be due at that time.

Other disclosures in accordance with IFRS 3 B66 are not possible at the moment for lack of reliable IFRS data.

The initial consolidation of amiando AG will be in connection with the Q1 quarterly report to March 31, 2011, retrospective to the date of purchase.

B Notes to the income statement

8. Revenues from services

XING AG has one segment subject to reporting requirements, with the business areas “Subscriptions” (subscription memberships), “e-Recruiting” (job ads and Recruiter memberships), “Advertising” (display advertising, Enterprise Groups, Best Offers and Company Profiles) and “Others”.

Revenues attributable can be broken down as follows as of December 31, 2010:

in € thousand	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
Subscriptions	42,424	37,114
e-Recruiting	7,095	4,412
Advertising	3,897	2,370
Other	83	104
Total	**53,499**	**44,000**

9. Sundry operating income

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

in € thousand	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
Earnings from returned bank transfers	269	471
Earnings from non-cash benefits	233	130
Income from currency translation	56	100
Income attributable to other periods	13	0
Income from disposal of assets	27	0
Other	185	384
Total	**783**	**1.085**

10. Personnel expenses

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

in € thousand	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
Wages, salaries and other types of emolument	13,901	11,670
Stock option program	713	1,048
Contributions to social insurance (employer’s contribution)	2,405	1,837
Accruals for vacation	8	170
Pensions costs (defined-contribution benefit plan)	287	227
Restructuring	329	300
Other	74	44
Total	**17,717**	**15,296**

In contrast to the previous year, expenses for training (€324 thousand, previous year: €271 thousand) and income tax-free voluntary social contributions (€191 thousand, previous year: €114 thousand) are not reported as personnel costs, but rather under other operating expenses. The previous year amounts have been adjusted accordingly.

The social insurance contributions include payments of €1.137 thousand into the statutory pension insurance scheme (previous year: €870 thousand).

11. Marketing expenses

Marketing expenses are broken down as follows:

in € thousand	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
Marketing costs	6,629	5,157
Events	170	56
Sales commission	0	73
Other	16	19
Total	**6,815**	**5,305**

12. Sundry operating expenses

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

in € thousand	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
IT services, management services and services for new markets	3,780	3,914
Legal advice, audit and accounting fees	1,964	1,986
Office costs	1,391	1,075
Payment costs	1,229	1,895
Rentals/Leasing	820	418
Server hosting, management and traffic	735	840
Travel, entertainment and other business expenses	721	707
Other personnel costs	625	382
Training costs	324	271
Losses on receivables	165	259
Phone/cell phone/postage/courier costs	199	256
Office supplies	202	147
Supervisory Board compensation	170	136
Other	704	310
Total	**13,029**	**12,596**

In contrast to the previous year, expenses for training (€324 thousand, previous year: €271 thousand) and income tax-free voluntary social contributions (€191 thousand, previous year: €114 thousand) are not reported as personnel costs, but rather under other operating expenses. The previous year amounts have been adjusted accordingly.

Rent/leasing expenses and expenses for server hosting, management and traffic are in contrast to the previous year reported separately. The previous year amounts have been adjusted accordingly.

Other expenses primarily comprise currency translation expenses, out-of-period expenses, expenses for contributions, the German surcharge for not employing disabled persons, other expenses and fees for insurance.

13. Depreciation

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

in € thousand	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
Depreciation on intangible assets		
Purchased software	1,072	3,708
Self-developed software	1,730	2,007
Goodwill and Financial assets	0	3,677
Other intangible assets	1,224	607
Depreciation on property, plant and equipment	1,173	828
Depreciation on finance leases (purchase losses)	0	110
Total	**5,199**	**10,937**

In 2010, no impairment losses were made. Depreciation for the previous year includes one-off, non-recurring depreciation amounting to €5,086 thousand, representing the goodwill of Socialmedian (€2,994 thousand), the goodwill of XING Hong Kong (€484 thousand), Plazes (€199 thousand), and the billing system (€1,409 thousand).

14. Financial income and financial expenses

The financial result can be broken down as follows:

in € thousand	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
Financial income	84	359
Financial expenses	(74)	(37)
Total	**10**	**322**

15. Income taxes

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

in € thousand	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
Deferred tax (income)	72	463
Trade tax	2,112	864
Corporation tax (incl. solidarity surchage)	2,012	986
Additional tax payments for previous years	117	577
Other tax	8	21
Total	**4,321**	**2,911**

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

in € thousand	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
Capitalization of tax losses carried forward	31	(25)
Passivation of restructuring costs	(145)	0
Recognition of self-developed software	343	535
Depreciation of customer relations	(124)	0
Other	(33)	(47)
Total	**72**	**463**

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

in € thousand	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
Earnings before taxes (EBT)	**11,532**	**1,230**
Expected tax result	3,722	397
Tax effects attributable to		
Additional tax payments for previous years	117	577
Capitalization of tax losses carried forward from previous years	0	350
Varying foreign tax rates	(3)	(4)
Expenses not allowable for tax purposes	485	1,591
Actual tax result	**4,321**	**2,911**

The theoretical tax rate is determined as follows:

in %	31/12/2010	31/12/2009
Corporate tax including solidarity surcharge (effective)	15.83	15.83
Trade tax rate	16.45	16.45
Average tax rate	32.28	32.28

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

in € thousand	31/12/2010	31/12/2009
Tax losses carried forward	340	346
Recognition of self-developed software	(2,394)	(2,051)
Intangible assets (customer relations)	(421)	(545)
Other	129	(49)
Total	**(2,346)**	**(2,299)**

The deferred tax assets (€485 thousand, previous year: €346 thousand) and deferred tax liabilities (€2,831 thousand, previous year: €2,646 thousand) were not netted.

As of December 31, 2010, there were no tax loss carry-forwards in Germany. In Spain, there are remaining loss carry-forwards of approximately €1.1 million (previous year: €1.2 million). Loss carry-forwards can be carried forward and utilized for 15 years in Spain.

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

16. Earnings per share

Number of shares in circulation

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

The following table shows the weighted number of shares in circulation for fiscal year 2010:

Consolidated results	Average number of shares/stock from capital increase	Undiluted earnings per share	Number of days	Weighted number of shares
01/01/2010	0	5,272,447	322	4,651,310
19/11/2010	5,199	5,277,646	10	144,593
29/11/2010	3,179	5,280,825	3	43,404
02/12/2010	1,446	5,282,271	4	57,888
06/12/2010	2,504	5,284,775	1	14,479
07/12/2010	7,221	5,291,996	25	362,465
Total	**19,549**	**5,291,996**	**365**	**5,274,139**

Undiluted earnings per share

Undiluted earnings per share are calculated as follows:

	31/12/2010	31/12/2009
Earnings attributable to the shareholders of the parent company in € thousand	7,211	(1,681)
Average number of shares	5,274,139	5,156,470
Undiluted earnings per share in €	1.37	(0.33)

Diluted earnings per share

In December 2006, the Company issued a total of 160,617 stock options to employees and senior executives of the Group. An additional 51,178 stock options were issued in September 2007. In March 2008, 67,017 stock options were issued to employees. In September 2008, an additional 92,759 stock options were issued to employees. In 2009, an additional 153,000 stock options were issued. In January 2010, an additional 50,000 stock options were issued, and in December 2010 another 10,000 options were issued. Each stock option entitles the owner to subscribe to one ordinary share or receive compensation in cash. When calculating diluted earnings in accordance with IAS 33.58, it has to be assumed that the options are serviced by means of shares.

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

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

	in €	2 years	3 years	4 years
December 2006	30.00	80,115	40,058	40,058
September 2007	36.55	27,100	12,950	12,400
March 2008	40.60	33,509	16,754	16,754
September 2008	33.25	46,379	23,190	23,190
January 2009	30.00	25,000	12,500	12,500
August 2009	27.80	12,500	6,250	6,250
September 2009	32.76	11,000	5,500	5,500
November 2009	33.16	14,000	7,000	7,000
January 2010	31.53	25,000	12,500	12,500
December 2010	32.93	5,000	2,500	2,500

The average market price of the XING AG share during fiscal year 2010 was €29.87 (average closing price). Accordingly, only the options granted in August 2009 can be considered to be diluting. However, all other options may have a dilu-ting effect in subsequent periods. In the previous year, the options granted in December 2006 were considered to have a diluting effect for the purpose of calculating diluted earnings.

The August 2009 options have the following fair values upon granting, which are spread over the lock-out period as work which still has to be provided.

Month of issue	Fair value in return in €	Remaining value in € for non-performance during lock-out period 2 years	3 years	4 years
August 2009	9.38 – 10.77	2.74	5.33	6.96

Month of issue	Issue price of the option including the remaining value in € for non-performance during lockout period 2 years	3 years	4 years
August 2009	30.54	33.13	34.76

Accordingly, none of the stock options granted are below the average market price of €29.52.

This means that as of December 31, 2010, no dilution effect from stock options was present, and diluted earnings are equivalent to undiluted earnings.

C Notes to the balance sheet

17. Non-current assets

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

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

- Subscriptions
- e-Recruiting
- Advertising
- Other

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

in € thousand	31/12/2010	31/12/2009
Subscriptions	10,164	10,164
e-Recruiting	2,255	2,255
Advertising	916	916
Other	105	105
Total	**13,440**	**13,440**

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

Cash-generating unit Subscriptions

The recoverable amount of the cash-generating unit Subscriptions is based on cash flow projections of the budgets approved by management for 2011. For the years 2012 to 2015, the budget for 2011 has been extrapolated on the assumption of moderate revenue growth. The revenue growth is based on the existing client base, which will continue to develop over the coming years.

Based on the assessment of the Executive Board, expenses are expected to increase from 2012 to 2015 by 2 percent less than the increase in revenue growth during the same time period. As Management was not able to make a reliable estimate for the infinity assessment in the business model of the Company due to a lack of comparison objects, a growth factor of 0 percent has been assumed for considerations of prudence. The discount factor for taxes used for cash flow forecasts is 9.1 percent.

Cash-generating unit e-Recruiting

The recoverable amount of the cash-generating unit e-recruiting is based on cash flow projections of the budgets approved by management for 2011.

As Management was not able to make a reliable estimate for the infinity assessment in the business model of the Company due to a lack of comparison objects, a growth factor of 0 percent has been assumed for considerations of prudence. The discount factor for taxes used for cash flow forecasts is also 9.1 percent.

Cash-generating unit Advertising

The recoverable amount of the cash-generating unit Advertising is based on cash flow projections of the budgets approved by management for 2011.

For the years 2012 to 2015, the budget for 2011 has been extrapolated on the assumption of considerable double-digit revenue growth. As Management was not able to make a reliable estimate for the infinity assessment in the business model of the Company due to a lack of comparison objects, a growth factor of 0 percent has been assumed for considerations of prudence. The discount factor for taxes used for cash flow forecasts is also 9.1 percent.

Cash-generating unit Others

The recoverable amount of the cash-generating unit Others based on cash flow projections of the budgets approved by management for 2011. For the years 2012 to 2015, the budget for 2011 has been extrapolated on the assumption of high revenue growth. As Management was not able to make a reliable estimate for the infinity assessment in the business model of the Company due to a lack of comparison objects, a growth factor of 0 percent has been assumed for considerations of prudence. The discount factor for taxes used for cash flow forecasts is also 9.1 percent.

Sensitivity of the assumptions

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

Intangible assets

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

The carrying amount for purchased software increased by €17 thousand to €2,969 thousand (previous year: €2,952 thousand).

The carrying amount for self-developed software increased by €1,062 thousand during the reporting period, from €6,354 to €7,416 thousand. Acquisition costs increased by €2,792 thousand during the same period, from €10,988 thousand to €13,780 thousand. The development costs in the fiscal year particularly resulted from the products Company Profiles, Universal Search, Web XWS and Growth.

The economic service life of the XING platform was set at five years at the beginning of FY 2010. The remaining service life of the self-developed website is thus 48 months as of December 31, 2010. Development costs recognized in the income statement amounted to €728 thousand (previous year: €1,578 thousand). Development costs recognized in the income statement under personnel expenses amounted to €7,755 thousand (previous year: €3,145 thousand).

As of December 31, 2010, the goodwill did not change from the previous year, and breaks down as follows: XING Spain €8,070 thousand eConozco €1,192 thousand and XING Turkey €4,179 thousand.

Other intangible assets included carrying amounts for customer relations of the acquired foreign subsidiaries XING Spain (€729 thousand, previous year: €996 thousand), XING Turkey (€396 thousand, previous year: €449 thousand), and eConozco (€180 thousand, previous year: €233 thousand).

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

Property, plant and equipment

As of December 31, 2010, property, plant and equipment consisted of computer hardware and other operating and business equipment amounting to €2,012 thousand (previous year: €1,674 thousand) and leasehold improvements amounting to €883 thousand (previous year: €644 thousand). Advance payments of €350 thousand were remitted for hardware that was first delivered in 2011.

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

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

Other long-term financial assets

As of the reference date, other financial assets include equity participations in the company "KennstDuEinen" (€50 thousand, previous year: €50 thousand) and rent deposits (€30 thousand, previous year: €18 thousand).

In the financial years 2010 and 2009, deferred tax assets and deferred tax liabilities were not netted, as the criteria of IAS 12.71 were not satisfied.

The following table shows how the assets have developed.

Consolidated statement in changes of fixed assets

for the financial year to December 31, 2010

	Purchase and production costs			
in € thousamd	01/01/2010	Additions	Disposals	31/12/2010
I. Intangible assets				
1. Self-developed software	10,988	2,792	0	13,780
2. Purchased software and licenses	6,211	1,089	0	7,300
3. Goodwill	16,917	0	0	16,917
4. Other intangible assets	7,138	0	0	7,138
	41,254	**3,881**	**0**	**45,135**
II. Property, plant and equipment				
1. Leasehold improvements	727	301	0	1,028
2. Technical equipment and machines	37	0	0	37
3. Other furniture and office equipment	3,995	1,452	(3)	5,444
4. Payments on account and construction in progress	0	350	0	350
	4,759	**2,103**	**(3)**	**6,859**
III. Financial assets				
1. Other holdings	250	0	0	250
2. Other financial assets	24	11	0	35
	274	**11**	**0**	**285**
Total	**46,287**	**5,995**	**(3)**	**52,279**

	Depreciation and adjustments			Carrying amounts	
	01/01/2010	Additions	31/12/2010	31/12/2010	31/12/2009
	(4,634)	(1,730)	(6,364)	7,416	6,354
	(3,259)	(1,072)	(4,331)	2,969	2,952
	(3,477)	0	(3,477)	13,440	13,440
	(2,546)	(1,224)	(3,770)	3,368	4,592
	(13,916)	**(4,026)**	**(17,942)**	**27,193**	**27,338**
	(83)	(62)	(145)	883	644
	(37)	0	(37)	0	0
	(2,321)	(1,110)	(3,4329	2,012	1,674
	0	0	0	350	0
	(2,441)	**(1,173)**	**(3,614)**	**3,245**	**2,318**
	(200)	0	(200)	50	50
	0	0	0	35	24
	(200)	**0**	**(200)**	**85**	**74**
	(16,557)	**(5,199)**	**(21,756)**	**30,523**	**29,730**

Comparison period: Consolidated statement in changes of fixed assets

for the financial year to December 31, 2009

in € thousamd	Purchase and production costs				
	01/01/2009	Additions	From first-time consolidation	Disposals	31/12/2009
I. Intangible assets					
1. Self-developed software	7,323	3,665	0	0	10,988
2. Purchased software and licenses	4,480	1,731	0	0	6,211
3. Goodwill	13,823	100	2,994	0	16,917
4. Other intangible assets	3,169	3,528	441	0	7,138
	28,795	**9,024**	**3,435**	**0**	**41,254**
II. Property, plant and equipment					
1. Leasehold improvements	516	211	0	0	727
2. Technical equipment and machines	37	0	0	0	37
3. Other furniture and office equipment	2,852	1,150	2	(9)	3,995
4. Payments on account and construction in progress	0	0	0	0	0
	3,405	**1,361**	**2**	**(9)**	**4,759**
III. Financial assets					
1. Other holdings	24	226	0	0	250
2. Other financial assets	20	4	0	0	24
	44	**230**	**0**	**0**	**274**
Total	**32,244**	**10,615**	**3,437**	**(9)**	**46,287**

Depreciation and adjustments				Carrying amounts	
01/01/2009	**Additions**	**Disposals**	**31/12/2009**	**31/12/2009**	**31/12/2008**
(2,627)	(2,007)	0	(4,634)	6,354	4,696
(659)	(2,600)	0	(3,259)	2,952	3,821
0	(3,477)	0	(3,477)	13,440	13,823
(831)	(1,715)	0	(2,546)	4,592	2,338
(4,117)	**(9,799)**	**0**	**(13,916)**	**27,338**	**24,678**
(24)	(59)	0	(83)	644	492
(37)	0	0	(37)	0	0
(1,447)	(879)	5	(2,321)	1,674	1,405
0	0	0	0	0	0
(1,508)	**(938)**	**5**	**(2,441)**	**2,317**	**1,897**
0	(200)	0	(200)	50	24
0	0	0	0	24	20
0	**(200)**	**0**	**(200)**	**74**	**44**
(5,625)	**(10,937)**	**5**	**(16,557)**	**29,729**	**26,619**

18. Current assets

A carrying amount of €0 thousand (previous year: €0 thousand) was reported for inventories as of December 31, 2010.

As in the previous year, receivables arising from XING AG services in the balance sheet as of December 31, 2010, were due within one year.

The tax refund claims relate mostly to withheld tax on unearned income.

The following table sets out the other assets:

in € thousand	31/12/2010	31/12/2009
Cost cut-off	320	981
Other assets	505	260
Total	**825**	**1,241**

Cash and cash equivalents and short-term deposits as of the reference date consisted of freely disposable cash at banks amounting to €59,031 thousand (previous year: €42,861 thousand) and cash in hand of €5 thousand (previous year: €1 thousand).

19. Shareholders' equity and minorities

Share capital

The share capital of the company increased in 2010 by €19,549 raised through the issue of 19,549 no-par-value shares under the Stock Option Plans for employees. The share capital of the Company amounted to €5,291,996 on December 31, 2010 (previous year: €5,272,447), and consists of 5,291,996 no-par-value registered shares at a calculative value of €1.00 of the share capital per share. The share capital is paid in full. All shares confer the same rights.

Authorized Capital 2006

The Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital in full or in part and on one or more occasions by a total of up to €1,925,850.00 in the period until October 31, 2011, by issuing up to 1,925,850 new no-par-value registered shares against cash and/or non-cash contributions (Authorized Capital 2006). In the case of a capital increase against cash contributions, shareholders must be granted subscription rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude fractions from and to exclude to the extent it is necessary to ensure the holders of warrants, convertible bonds or warrant-linked bonds issued by the Company or subordinate Group companies in Germany or abroad can be granted subscription rights for new shares to the extent that they would be entitled if they exercised their options or conversion rights or the Company met its conversion obligations. Furthermore, the Executive Board is authorized to exclude shareholder options with the approval of the Supervisory Board if the issue price of the new shares is not significantly lower than the market price of already listed shares of the same category and rights as per sections 203 (1) and (2), 186 (3) line 4 AktG at the time in which the issue price is definitively set by the Executive Board, and provided the total value of the shares issued per section 186 (3) line 4 AktG do not exceed 10 percent of the existing share capital when the authorization is entered, or – if lower – the existing share capital at the time in which the new shares are issued. Shares which have been sold or issued with the exclusion of subscription rights as a result of other authorizations upon the direct or corresponding application of section 186 (3) line 4 AktG must be offset in relation to the restriction. The subscription right of shareholders is excluded in the event of capital increases in return for non-cash contributions, and in particular in conjunction with the acquisition of companies, equity participations or assets. The Executive Board is authorized, with the approval of the Supervisory Board, to define additional content of subscription rights and the conditions of the share issue.

The Executive Board exercised this authorization with the permission of the Supervisory Board in 2009, increasing the share capital by €70,073 by issuing 70,073 no-par-value registered shares. After this increase in capital, the Authorized Capital 2006 now amounts to €1,855,777.00.

The Executive Board did not make use of this authorization in 2010.

Authorized Capital 2008

The Executive Board is further authorized, with the approval of the Supervisory Board, to increase the share capital in full or in part and on one or more occasions by a total of up to €675,000.00 in the period until May 20, 2013, by issuing up to 675,000 new no-par-value registered shares against cash and/or non-cash contributions (Authorized Capital 2008). In the case of a capital increase against cash contributions, shareholders must be granted subscription rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude fractions from and to exclude to the extent it is necessary to ensure the holders of warrants, convertible bonds or warrant-linked bonds issued by the Company or subordinate Group companies in Germany or abroad can be granted subscription rights for new shares to the extent that they would be entitled if they exercised their options or conversion rights or the Company met its conversion obligations.

Furthermore, the Executive Board is authorized to exclude shareholder options with the approval of the Supervisory Board if the issue price of the new shares is not significantly lower than the market price of already listed shares of the same category and rights as per sections 203 (1) and (2), 186 (3) line 4 AktG at the time in which the issue price is definitively set by the Executive Board, and provided the total value of the shares issued per section 186 (3) line 4 AktG do not exceed 10 percent of the existing share capital when the authorization is entered, or – if lower – the existing share capital at the time in which the new shares are issued. Shares which have been sold or issued with the exclusion of subscription rights as a result of other authorizations upon the direct or corresponding application of section 186 (3) line 4 AktG must be offset in relation to the restriction.

The subscription right of shareholders is excluded in the event of capital increases in return for non-cash contributions, and in particular in conjunction with the acquisition of companies, equity participations or assets. The Executive Board is also authorized with the approval of the Supervisory Board to define additional content of subscription rights and the conditions of the share issue.

The Executive Board has not yet made use of this authorization.

Contingent Capital I 2006

Pursuant to resolution of the Annual General Meeting of November 3, 2006, and in consideration of the amendments by resolution of the Annual General Meeting of May, 28, 2009, the share capital of the Company is contingently increased by €200,822.00 by issuing up to 200,822 new no-par-value shares (Contingent Capital I 2006). The Contingent Capital I 2006 serves to ensure that the Company can satisfy subscription rights arising from stock options issued by the company as part of the 2006 Stock option plan in the period until October 31, 2011, on the basis of the authorization granted at the Annual General Meeting on November 3, 2006, and in consideration of the amendments by resolution of the Annual General Meeting of May, 28, 2009. The contingent capital increase will only be implemented to the extent that stock options are issued, the holders of these stock options exercise their subscription rights for shares of the Company, and the Company does not offer to satisfy the subscription rights with treasury shares or a cash settlement. The shares are issued out of the Contingent Capital at the exercise price defined in accordance with c) (e) of Agenda item 6 of the Annual General Meeting on November 3, 2006. The new shares participate in the profits from the beginning of the financial year in which no resolution has yet been made at the Annual General Meeting regarding the appropriation of cumulative profit at the time the subscription right is exercised.

The share capital increased by €674.00 in 2009 through the issue of 674 subscription shares for the nominal par of €674.00. On December 31, 2009, Contingent Capital 2006 amounted to €200,148.00. In 2010, the share capital was increased by €19,549.00 through the issue of 19,549 new subscription shares with a nominal value of €19,549.00. Following this issue, Contingent Capital 2006 amounted to €180,599.00.

Contingent Capital II 2006

Pursuant to resolution of the Annual General Meeting of November 3, 2006, the share capital of the Company was contingently increased by €1,540,680.00 by issuing up to 1,540,680 new no-par-value shares (Contingent Capital II 2006).

Contingent Capital II 2006 serves exclusively to ensure that new shares can be issued to the holders of options or con-version rights granted by the Company or companies in which the Company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the Annual General Meeting of November 3, 2006, under Agenda item 7 (a). The new shares will be issued at the conversion or option price to be determined in accordance with this resolution. The contingent capital increase will only be implemented to the extent that the holders of the conversion or option rights take advantage of their conversion or option rights or comply with the conversion obligations arising from such debt instruments. Provided that they are created before the start of the Annual General Meeting, the shares will participate in profit from the beginning of the preceding financial year. Otherwise they will participate in profit from the start of the financial year in which they are created. No shares were issued in 2010 based on Contingent Capital II 2006.

Contingent Capital 2008

The share capital of the Company was contingently increased by €231,348.00 by issuing up to 231,348 new no-par-value shares (Contingent Capital 2008). Contingent Capital 2008 serves exclusively to ensure that new shares can be issued to the holders of options or conversion rights granted by the Company or companies in which the Company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the Annual General Meeting of May 21, 2008.

The contingent capital increase will only be implemented to the extent that holders of conversion or options rights can exercise these rights. Provided that they are created before the start of the Annual General Meeting, the shares will participate in profit from the beginning of the preceding financial year. Otherwise they will participate in profit from the start of the financial year in which they are created.

Contingent Capital 2008 was partially rescinded by resolution of the Annual General Meeting on May 28, 2009, and currently amounts to €129,137.00. No shares were issued in 2010 based on Contingent Capital 2008.

Contingent Capital 2009

The share capital of the Company was contingently increased by €197,218.00 by issuing up to 197,218 new no-par-value shares (Contingent Capital 2009). Contingent Capital 2009 serves exclusively to ensure that new shares can be issued to the holders of options or conversion rights granted by the Company or companies in which the Company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the Annual General Meeting of May 28, 2009.

The contingent capital increase will only be implemented to the extent that holders of conversion or options rights can exercise these rights. Provided that they are created before the start of the Annual General Meeting, the shares will participate in profit from the beginning of the preceding financial year. Otherwise they will participate in profit from the start of the financial year in which they are created.

Contingent Capital 2009 was partially rescinded by resolution of the Annual General Meeting on May 27, 2010, and currently amounts to €109,900.00. No shares were issued in 2010 based on Contingent Capital 2009.

Contingent Capital 2010

The share capital of the Company was contingently increased by €94,318.00 by issuing up to 94,318 new no-par-value shares (Contingent Capital 2010). Contingent Capital 2010 serves exclusively to ensure that new shares can be issued to the holders of options or conversion rights granted by the Company or companies in which the Company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the Annual General Meeting of May 27, 2010.

The contingent capital increase will only be implemented to the extent that holders of conversion or options rights can exercise these rights. Provided that they are created before the start of the Annual General Meeting, the shares will participate in profit from the beginning of the preceding financial year. Otherwise they will participate in profit from the start of the financial year in which they are created.

No shares were issued in 2010 based on Contingent Capital 2010.

As of the reference date December 31, 2009, the total stock options issued to employees, senior executives and the Executive Board which had not yet expired or been already exercised amounted to 369,487.

Additional paid-in capital

The additional paid-in capital is mainly comprised of the premium from the cash capital increases carried out in previous years minus the ancillary costs of procuring shareholders' equity.

Other reserves

The other reserves include the effects attributable to currency conversion of the financial statements of foreign subsidiaries and the personnel expenses attributable to the stock options program.

20. Non-current liabilities

The non-current deferred item relates to member subscriptions for future periods with a remaining term of more than one year as of the balance sheet closing date. As of December 31, 2010, the non-current deferred item amounted to €1,337 thousand (previous year: €1,275 thousand).

21. Current liabilities

Corporation tax liabilities and trade tax liabilities of €2,329 thousand (previous year: €1,274 thousand) and €2,555 thousand (previous year: €1,426 thousand) and foreign taxes of €0 thousand (previous year: €50 thousand) were reported for the period ending December 31, 2010.

As was the case in FY 2008, trade accounts payable by XING AG as of December 31, 2010, are due within one year without exception. These current liabilities amounted to €514 thousand (previous year: €802 thousand).

The trade accounts payable are not interest bearing, and are generally due within 60 days.

The deferred item relates to member subscriptions for future periods. Member subscriptions for future periods with a remaining term of less than twelve months are shown as current deferred items amounting to €18,893 thousand (previous year: €14,958).

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

in € thousand	31/12/2010	31/12/2009
Liabilities due to bonuses and incentive payments	1,195	1,262
Liabilities due to revenue tax	489	980
Provisions for legal and consulting fees	807	282
Provision for restructuring	621	0
Provision for other third-party services	323	230
Liabilities due to wage and church tax	311	254
Liabilities due to vacation reserves	293	285
Provision for obligation to reverse constructional changes	229	0
Provision for marketing expenses	226	248
Provision for ancillary monetary transaction costs	122	160
Provision for Supervisory Board compensation	160	123
Provision for reporting and accounting expenses	152	242
Provision for preparation of the Annual Report	100	100
Provision for accounting expenses	80	4
Provision for platform development	83	196
Sundry personnel provisions	74	169
Liabilities due to social insurance	21	32
Liabilities due to personnel	6	3
Liabilities due to investments	5	1,050
Other	646	9
Total	**5,943**	**5,629**

Other liabilities are due within one year.

D Segment reporting

Application of IFRS 8: Operating Segments

XING AG conducted segmented reporting in fiscal 2010. As in previous years, the Group applied IFRS 8 "Operating Segments".

IFRS 8 stipulates that operating segments are to be defined based on existing structures for internal management of group entities whose operating results are regularly reviewed by the key decision maker in the company with the purpose of making decisions on allocating resources to this segment and assessing the segment's profitability.

The accounting principles applicable to this segment, which is subject to reporting requirements, are consistent with the disclosures in the section "Summary of major accounting policies" in these Notes.

Segments subject to reporting requirements

XING AG has one segment subject to reporting requirements, with the business areas "Subscriptions" (subscription memberships), "e-Recruiting" (job ads and Recruiter memberships), "Advertising" (display advertising, Enterprise Groups, Best Offers and Company Profiles) and "Others".

Segment revenues

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

in € thousand	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
Subscriptions	42,424	37,114
e-Recruiting	7,095	4,412
Advertising	3,897	2,370
Other	83	104
Total	**53,499**	**44,000**

The "Subscriptions" business area includes revenues from member subscriptions, "e-Recruiting" includes revenues from job ads and Recruiter Accounts, while "Advertising" includes ads placed on the XING platform, from Best Offers, Groups and Company Profiles.

in € thousand	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
DACH	51,702	41,993
International	1,797	2,006
Total	**53,499**	**44,000**

This geographic differentiation reflects the organizational focus.

Non-current assets

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

in € thousand	01/01/2010 – 31/12/2010	01/01/2009 – 31/12/2009
DACH	16,234	14,510
International	14,774	15,566
Total	**31,008**	**30,076**

E Cash and cash equivalents

As of December 31, 2010, cash and cash equivalents amounted to €59,036 thousand (previous year: €42,862), consisting of cash and cash equivalents from Germany (€58,910 thousand, previous year: €42,656 thousand), from China (€67 thousand, previous year: €71 thousand), from Spain (€2 thousand, previous year: €3 thousand), from Turkey (€24 thousand, previous year: €66 thousand), from the USA (€10 thousand, previous year: €10 thousand), and from Switzerland (€23 thousand, previous year: €31 thousand). As of December 31, 2010, cash and cash equivalents from Italy amounted to €0 (previous year: €25 thousand).

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

Movements in Group cash and cash equivalents are shown in the consolidated cash flow statement. Other cash flows included in the consolidated cash flow statement consisted of the following components during the reporting period:

in € thousand	01/01/2010 - 31/12/2010	01/01/2009 - 31/12/2009
Interest received	84	359
Interest paid	(74)	(37)
Total	**10**	**322**

F Other disclosures

Contingent liabilities and financial obligations

The determination as to whether an agreement includes a lease is based on the financial content of the agreement is based on the financial content of the agreement at the time in which the agreement is executed, and involves an as-sessment as to whether fulfillment of the contractual agreement depends on the use of a certain asset or of certain assets, and whether the agreement confers a right to use the asset.

Operating leases have been taken out by the Group for business premises and staff apartments. The leases have an average term of between three and four years, and can be extended.

Future minimum lease payments existing as of December 31, 2010, in accordance with the operating leases which cannot be terminated, are shown in the following table:

in € thousand	31/12/2010	31/12/2009
Up to two years	1,909	1,701
More than two years and less than five years	2,570	2,592
More than five years	0	0
Total	**4,479**	**4,293**

The Group recognized lease payments of €820 thousand (previous year: €418 thousand).

The Group took out financing leases for diverse IT hardware and servers in 2010. The term of these leases ranges from 30 to 60 months. Each lease has an extension clause, but do not contain purchase options or value insurance clauses. They can be extended for further periods of six months.

The future minimum lease payments attributable to financing leases as of December 31, 2010, are shown in the following table:

in € thousand	Minimum payment 31/12/2010	Present value of payments 31/12/2010	Minimum payment 31/12/2009	Present value of payments 31/12/2009
Up to one year	0	0	2	2
More than one year and less than five years	0	0	0	0
Minimum lease payment, total	**0**	**0**	**2**	**2**
Amounts constituting financing costs	0	0	0	0
Current value of minimum lease payments	**0**	**0**	**2**	**2**

Principles of financial risk management

The financial instruments of the Group mainly consist of cash and cash equivalents, as well as receivables from services attributable to Group operations. The Group finances its operations primarily via the advance payments of its Premium Members, and via equity funding. The Company does not hold any further financial instruments which involve major financial risks.

Capital risk management and net debt

The Group manages its capital using the equity ratio with the aim of optimizing returns, where applicable also by using debt. This ensures that all companies in the Group are able to operate on the basis of the going concern principle. The Group monitors its capital by means of the equity ratio.

The capital structure of the Group consists mainly of shareholders' equity. As of December 31, 2010, the equity ratio was 64.0 percent (previous year: 65.2 percent). As shown in the following table, the cash and cash equivalents and short-term deposits of the Group were considerably higher than the liabilities existing as of the reference date:

in € thousand	31/12/2010	31/12/2009
Non-current liabilities	(1,337)	(1,275)
Current liabilities	(30,234)	(24,139)
Cash and cash equivalents and current deposits	59,036	42,862
Surplus cash and cash equivalents	**27,465**	**17,448**

Categories of financial instruments

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

in € thousand	31/12/2010	31/12/2009
Financial assets		
Securities/equity participations (available for disposal)	0	0
Non-current receivables (loans and receivables)	85	74
Current receivables attributable to services (loan and receivables)	4,573	6,478
Cash and cash equivalents and current deposits (loans and receivables)	59,036	42,862
Financial liabilities		
Current liabilities attributable to finance leases	0	0
Current trade accounts payable	514	802

The current and non-current receivables as well as the cash and cash equivalents and current deposits are also shown at amortized costs of purchase.

Liabilities attributable to financing leases are shown at amortized cost of purchase. Interest expenses of €0 thousand (previous year: €0 thousand) are shown in the income statement in this connection.

The other current liabilities are shown at amortized cost of purchase.

For all financial assets and liabilities, the fair values, to the extent that they can be determined, correspond to the carrying amounts shown in the balance sheet.

As was the case in the previous year, the purpose of financial assets in this fiscal year was not to act as security for Group liabilities.

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

Exchange rate and interest risk management

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

Cash at banks earned an average 0.1 percent interest (previous year: 0.1 percent).

Analysis of market risks

As the Group is not exposed to any major market risks (currency, interest rate or other price risks), more extensive sensitivity analyses are not carried out in relation to potential market risks.

With regard to consolidated earnings before tax, a change in interest rates will have an impact on interest income (as a result of the impact of variable-income financial assets). If interest rates had increased or decreased by 100 basis points during the reporting period, interest income would have changed by €568 thousand (previous year: €430 thousand) on the basis of an average investment volume of €56,581,632 thousand (previous year: €39,652).

Default risk management

Default risk is defined as the risk of a loss to the Group which is incurred if a contracting party fails to meet its contractual obligations.

As was the case in the previous year, major financial assets only existed as of the reference date in the form of subsc-ription claims against members of the XING platform (receivables from services) as well as cash held at banks (cash and cash equivalents and current deposits).

With regard to the subscription receivables, the risk is reduced by the fact that the receivables consist of a large number of relatively minor amounts, of less than €1 thousand in each case. As of the reference date, the remaining term of virtually all these receivables was less than one month, and these receivables amounted to €2,037 thousand (previous year: €1,499 thousand). The maximum default risk is equal to the carrying amount of the receivable. In addition, XING AG reported receivables amounting to €2,536 thousand due from other debtors (previous year: €4,979). These receivables were paid after the balance sheet date.

Reputable commercial banks with an optimum rating are used for investment and payments relating to cash at banks. The remaining term of the cash at banks is less than three months.

The Group believes the current default risks to be low. The following defaults and impairments in relation to receivables from services were recognized last year:

in € thousand	31/12/2010	31/12/2009
Total amount of services receivable	4,881	6,736
Defaults	(224)	(199)
Impairments in relation to receivable	(84)	(59)
Service receivable according to balance sheet	**4,573**	**6,478**

In fiscal year 2010, an additional writedown of €25 thousand was recognized (previous year: €49 thousand).

There was essentially no income from payments relating to receivables from services which had previously been eliminated.

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

There are no major risk concentrations.

Liquidity risk management

The Group manages liquidity risks by holding appropriate reserves and also by constantly monitoring the forecast and actual cash flows. The maturities of financial assets and liabilities are constantly monitored.

As a result of the current cash at banks, there are no major liquidity risks. There are no credit lines with banks, nor are any such lines required at present.

Disclosures concerning the stock options program

Pursuant to a resolution of the Annual General Meeting on November 3, 2006, contingent capital of up to €288,822.00 was created for the purpose of creating an employee stock option program. As a result, 160,617 stock options were issued to the Executive Board and employees of the Company within the framework of the "Stock Option Plan 2006" (AOP 2006). A total of 48,147 stock options remained on the reference date (previous year: 76,266).

On September 8, 2007, a further 51,178 option rights were granted to selected employees, of which 35,362 remained exercisable on December 31, 2010 (previous year: 47,078).

In 2008, two further stock option programs were adopted. On March 7, 2008, 67,017 option rights were issued to employees and senior executives as part of the first program, of which 23,151 option rights have not expired (previous year: 47,026).

On September 9, 2008, 92,759 option rights were issued to employees and senior executives as part of the second program, of which 39,357 option rights have not expired (previous year: 72,117).

The stock option plan grants options to take up shares of the Company, and specifies a fixed term of five years. Each option entitles the right to take up one share of the Company, whereby the subscription right of shareholders is excluded. The main provisions of the AOP 2006–2008 are summarized as follows:

Within the framework of the AOP, stock options may be issued exclusively to members of the Executive Board of XING AG, to members of management of subsidiaries as well as to selected senior executives, to other key personnel and other employees of XING AG and its subsidiaries.

The stock options grant the holder the right to take up registered shares with voting rights of XING AG. Each stock option entitles the holder to take up one share of XING AG in return for paying the exercise price. The option conditions may specify that the Company, in order to fulfill its obligations relating to the taking up of shares, may grant to the beneficiary treasury shares or a cash payment instead of new shares using the contingent capital.

The subscription rights provided by the stock options can only be exercised after the end of a lock-out period. For 50 percent of the stock options granted, the lock-out period is at least two years; it is at least three years for a further 25 percent of the stock options granted, and at least four years for the remaining 25 percent. The lock-out period commences on the day after the corresponding stock options were issued. The subscription rights can be exercised within a period of up to five years, starting on the day the stock option is issued.

The exercise price for a share of the Company corresponds to the arithmetic mean of the closing auction prices of the Company's shares in XETRA trading (or an equivalent successor system) on the Frankfurt Stock Exchange on the last twenty market days before the corresponding stock option is issued (the day on which the beneficiary's declaration that he intends to take up shares is accepted by the Company or by the credit institution engaged by the Company for processing purposes). Alternatively, the exercise price for stock options issued before the start of trading for shares within the framework of the Company IPO corresponds to the price at which Company shares were placed within the framework of the IPO.

Subscription rights in relation to stock options can only be exercised if the closing auction price of the shares of the Company in XETRA trading (or an equivalent successor system) on the Frankfurt Stock Exchange has outperformed the SDAX index (or a comparable successor index) on at least ten successive trading days within one year before the day on which the subscription right is exercised.

In 2010, two individual option emissions to Executive Board members amounting to a total of 60,000 were conducted subject to the same conditions. Please see the Compensation Report for more details.

The expense of the stock-based compensation shown in the income statement for the period ending December 31, 2010, amounted to €713 thousand (previous year: €958 thousand).

The weighted average exercise price for 2009 was €32.65 (previous year: €32.72). The weighted average term remaining for options not expired on December 31, 2010, is 4.4 years (previous year: 3.4 years).

The weighted average fair value remaining for options not expired on December 31, 2010, is €9.06 (previous year: €9.70).

The calculations are based on a mathematical survey of the corresponding stock options and the parameters the survey is based upon.

Transactions with related parties

Michael Otto, who served as CTO of XING AG until January 31, 2011, is a partner/managing director in epublica GmbH, Hamburg, which developed the software for the XING AG platform. In the reporting year, epublica GmbH did not provide services for XING AG (previous year: €2,130 thousand). Rental payments amounting to €114 thousand were made to epublica GmbH (previous year: €79 thousand).

Additionally, DLD Media GmbH, a subsidiary of the Burda Group, provided services to XING AG amounting to €90 thousand during the reporting period. Altradia GmbH, which also is part of Burda Group, rendered services amounting to €1,028 thousand to XING AG, primarily for a TV campaign.

Burda Services GmbH, also part of the Burda Group, received XING services in the form of job ads amounting to €29 thousand, while Burda GmbH received services amounting to €2 thousand.

Dr. Andreas Meyer-Landrut is a partner at DLA Piper UK LLP, Cologne, Germany, and has been a member of the XING AG Supervisory Board since November 2010. In 2010 he rendered legal consulting services in the amount of €240 thousand on behalf of XING AG.

Number of employees

XING employed an average of 298 persons (previous year: 247) during the financial year from January 1, 2010, to December 31, 2010. As of December 31, 2010, a total of 306 persons (previous year: 265) including four Executive Board Members (previous year: five) were employed by the Group.

Members of the Supervisory Board

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

Dr. Neil Vernon Sunderland, independent entrepreneur, Chairman, Zumikon, Switzerland
Other supervisory board mandates/memberships in control bodies:

- Chairman of the Administrative Board and Chairman of Management of Adinvest AG, Zumikon, Switzerland, as well as Adinvest Holding AG, Zumikon, Switzerland,
- Consulting Partner of Montreux Equity Partners, Menlo Park, USA,
- Member of the Administrative Board of Elsevier Holdings SA, Neuchâtel, Switzerland; Elsevier Finance SA, Neuchâtel, Switzerland; Elsevier Properties SA, Neuchâtel, Switzerland,
- Chairman of the Board of Adconion Media Group, Limited, London, United Kingdom,
- Member of the Board of Industrial Origami Inc., San Francisco, United States,
- Member of the board of the Daily Deal GmbH, Berlin, Germany (since September 2010),
- Member of the Advisory Board of Private Sales GmbH ("Brands4friends.de"), Berlin, Germany (until June 2010).

Dr. Eric Archambeau, Investment Advisor, Deputy Chairman and Senior Partner of Wellington Partners, Brussels, Belgium, (member of the Supervisory Board until November 26, 2010)
Other supervisory board mandates/memberships in control bodies:

- Member of the Board of GO ON MEDIA, Sèvres, France,
- Member of the Board of amiando AG, Munich, Germany (until January 2011),
- Member of the Board of Experteer GmbH, Munich, Germany,
- Member of the Board of ShipServ, Inc., Dover, Delaware, USA.
- Member of the Board of BridgeCo Inc., Los Angeles, United States (until June 2009), of KIKA Medical Inc., Boston, United States (until September 2009) and the Industrial Origami Inc., San Francisco, United States (until January 2010)
- Member of the Board of the Travel Horizon BV, Amsterdam, Netherlands, Work Order LTD, London, United Kingdom (until December 2009).
- Member of the Advisory Board of Private Sales GmbH ("Brands4friends.de"), Berlin, Germany (until June 2010).

Lars Hinrichs, Advisor, Germany (Member of the Supervisory Board from January 16, 2009, to January 14, 2010)
Other supervisory board mandates/memberships in control bodies: None

Fritz Oidtmann, manager, Bonn, Germany (Member of the Supervisory Board since January 18, 2010)
Other supervisory board mandates/memberships in control bodies: None

Dr. Andreas Meyer-Landrut, lawyer, Mülheim an der Ruhr, Germany (Member of the Supervisory Board since November 27, 2010)
Other supervisory board mandates/memberships in control bodies: None

Until the resolution of the Annual General Meeting on May 27, 2010, members of the Supervisory Board received remuneration of €2 thousand per meeting day (previous year: €2 thousand). The members of Supervisory Board committees receive additional compensation of €1 thousand per day for attending each Supervisory Board committee meeting (previous year: €1 thousand).

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

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

By resolution by the Annual General Meeting on May 27, 2010, members of the Supervisory Board now receive fixed remuneration of €40 thousand for each full fiscal year they serve on the Board. The Chairman of the Supervisory Board receives double the fixed remuneration.

During FY 2010, the total compensation paid to Supervisory Board members was €170 thousand (previous year: €136 thousand). This includes €10 thousand already paid to Neil Sunderland for 2009.

Further information on compensation to the Supervisory Board is included in the compensation report, which is an integral part of the management report.

Members of the Executive Board

The following persons served as members of the Executive Board:

Dr. Stefan Gross-Selbeck, CEO, Hamburg, (since January 15, 2009)
Other supervisory board mandates/memberships in control bodies: None

Ingo Chu, CFO, Hamburg, (since July 1, 2009)
Other supervisory board mandates/memberships in control bodies: None

Michael Otto, CTO, Hamburg, (February 6, 2009 to January 31, 2011)
Other supervisory board mandates/memberships in control bodies: None

Dr. Helmut Becker, CCO, Hamburg (since September 15, 2009)
Other supervisory board mandates/memberships in control bodies: None

Burkhard Blum, COO, Hamburg, (until February 28, 2010)
Other supervisory board mandates/memberships in control bodies: None

Jens Pape, CTO, Hamburg, (since March 1, 2011)
Other supervisory board mandates/memberships in control bodies: None

Further information on compensation to the Executive Board is included in the compensation report, which is an integral part of the management report.

Auditor's fees

In fiscal year 2010, costs of €124 thousand (previous year: €165 thousand) were recognized for the auditing services for the period ending December 31, 2010. Fees for other consultancy services amounted to €27 thousand (previous year: €63 thousand). Fees for other services in the amount of €0 (previous year: €71 thousand) were recognized as an expense for tax consulting in the amount of €5 thousand (previous year: €31 thousand).

Consolidated financial statements

In its capacity as parent company, XING AG prepares consolidated financial statements for the period ending December 31, 2010, in accordance with the accounting principles of the International Financial Reporting Standards (IFRS). These consolidated financial statements are submitted to the electronic Federal Gazette.

Notifications received in accordance with section 21 WpHG

On December 13, 2006, Deutsche Bank AG, Frankfurt am Main, Germany, notified the Company that the share of the voting rights in the Company held by its subsidiary DWS Invest GmbH, Frankfurt am Main, Germany, exceeded the threshold of 5 percent on December 7, 2006, and now amounts to 7.95 percent

On June 12, 2007, Absolute Capital Management Holdings Limited, George Town, Cayman Islands, notified the Company that its share of voting rights in the Company fell below the threshold of 3 percent on June 5, 2007, and now amounts to 2.89 percent.

On June 20, 2008, Massachusetts Mutual Life Insurance Company, Springfield, Massachusetts, USA, notified the Company that the share of voting rights in the Company held by Oppenheimer Funds, Centennial, Colorado, USA, fell below the threshold of 3 percent on June 16, and now amounts to 2.78 percent.

On October 8, 2008, Tracer Capital Offshore Fund Ltd., Camana Bay, Cayman Islands, notified the Company that its share of voting rights in the Company fell below the threshold of 3 percent on September 5, 2008, and now amounts to 2.65 percent.

On October 13, 2008, Farringdon I (FFI), Luxemburg, Duchy of Luxembourg, notified the Company that its share of voting rights in the Company exceeded the threshold of 5 percent on October 8, 2008, and now amounts to 5.21 percent.

On October 13, 2008, Tracer Capital Management L. P., New York, USA, notified the Company that its share of voting rights in the Company fell below the threshold of 3 percent on October 8, 2008, and now amounts to 2.66 percent.

On November 24, 2008, TCM and Company LLC, New York, USA, notified the Company that its share of voting rights in the Company fell below the threshold of 3 percent on October 8, 2008, and now amounts to 2.66 percent.

On January 13, 2009, Mr. William Liao notified the Company that his share of voting rights in the Company fell below the threshold of 5 and 3 percent on December 22, 2008, and now amounts to 2.04 percent.

On May 4, 2009, Farringdon Capital Management Switzerland SA/ Farringdon Capital Management SA notified the Company that its share of voting rights in the Company fell below the threshold of 5 percent on April 24, 2009, and now amounts to 4.97 percent.

On June 10, 2009, Tiger Global Private Investment Partners V L.P., New York, USA, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on June 4, 2009, and now amounts to 3.89 percent.

On June 10, 2009, Tiger Global Private Investment Partners V L.P., New York, USA, notified the Company that the share of the voting rights in the Company held by Tiger Global PIP Management V L.P., New York, USA, exceeded the threshold of 3 percent on June 4, 2009, and now amounts to 3.89 percent.

On June 10, 2009, Tiger Global Private Investment Partners V L.P., New York, USA, notified the Company that the share of the voting rights in the Company held by Mr. Charles P. Coleman III, New York, USA, exceeded the threshold of 3 percent on June 4, 2009, and now amounts to 3.89 percent.

On July 16, 2009, the Investmentgesellschaft für langfristige Investoren TGV, Bonn, Germany, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent and 5 percent on July 15, 2009, and now amounts to 6.4829 percent.

On July 20, 2009, Asset Management GmbH, Frankfurt am Main, Germany, notified the Company that its share of voting rights in the Company fell below the threshold of 3 percent on July 17, 2009, and now amounts to 0.65 percent.

On July 24, 2009, Fidelity International, Tadworth, United Kingdom, on behalf of FIL Limited, Hamilton, Bermuda, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on July 21, 2009, and now amounts to 2.93 percent.

On July 24, 2009, Fidelity International, Tadworth, United Kingdom, on behalf of FIL Investment Management Limited, Hildenborough, United Kingdom, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on July 21, 2009, and now amounts to 2.93 percent.

On July 24, 2009, Fidelity International, Tadworth, United Kingdom, on behalf of FIL Investment International, Hildenborough, United Kingdom, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on July 21, 2009, and now amounts to 2.86 percent.

On September 22, 2009, epublica GmbH, Hamburg, Germany, notified the Company that its share of voting rights in the Company fell below the threshold of 3 percent on September 21, 2009, and now amounts to 2.72 percent.

On December 21, 2009, Cinco Capital GmbH, Hamburg, Germany, notified the Company that its share of voting rights in the Company fell below the threshold of 25, 20, 15, 10, 5, and 3 percent on December 18, 2009, and now amounts to 1.97 percent.

On December 21, 2009, Mr. Lars Hinrichs, Hamburg, Germany, notified the Company that his share of voting rights in the Company fell below the threshold of 25, 20, 15, 5 and 3 percent on December 18, 2009, and now amounts to 1.97 percent.

On December 29, 2009, Hubert Burda Digital GmbH, Munich, corrected its share notification from December 22, 2009, and notified the Company that its share of voting rights in the Company exceeded the threshold of 3, 5, 10, 15, 20 and 25 percent, and now amounts to 25.10 percent.

On December 29, 2009, Dr. Hubert Burda notified the Company that his share of voting rights in the Company exceeded the threshold of 3, 5, 10, 15 and 20 percent on December 18, 2009, and now amounts to 25.10 percent.

On December 29, 2009, Hubert Burda Media Holding GmbH & Co. notified the Company that its share of voting rights in the Company exceeded the threshold of 3, 5, 10, 15 and 20 percent on December 18, 2009, and now amounts to 25.10 percent.

On December 30, 2009, Wellington Partners Management Ltd., St. Helier, Jersey, Channel Islands, notified the Company that its share of voting rights in the Company fell below the threshold of 5 and 3 percent, and now amounts to 1.42 percent.

On January 4, 2010 (corrected version), Wellington Partners Ventures III Technology Fund L.P., St. Helier, Jersey, Channel Islands, informed the Company as per section 21 (1) WpHG that its share of voting rights in the Company fell below the threshold of 5 and 3 percent on December 12, 2009, and amounted to 1.42 percent as of this day (74,648 shares).

On January 5, 2010 (corrected version), Wellington Partners Ventures III Technology Fund L.P., St. Helier, Jersey, Channel Islands, informed the Company as per section 21 (1) WpHG that its share of voting rights in the Company fell below the threshold of 5 and 3 percent on December 23, 2009, and amounted to 1.42 percent as of this day (74,648 shares).

On March 29, 2010, Tiger Global Private Investment Partners V L.P., New York, USA, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on March 26, 2010, and now amounts to 2.77 percent.

On March 29, 2010, Tiger Global PIP Performance V L.P., New York, USA, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on March 26, 2010, and now amounts to 2.77 percent. All voting rights of Tiger Global PIP Performance V, LP, New York, USA, are associated with Tiger Global Private Investment Partners V L.P., New York, USA in accordance with section 22 (1) WpHG.

On March 29, 2010, Tiger Global PIP Management V Ltd., New York, USA, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on March 26, 2010, and now amounts to 2.77 percent. All voting rights are associated with Tiger Global PIP Management V, L.P., New York, USA in accordance with section 22 (1) WpHG. The associated voting rights are held by Tiger Global Private Investment Partners V, L.P., and Tiger Global PIP Performance V., L.P., which are controlled by Tiger Global PIP Management V, L.P.

On March 29, 2010, Mr. Charles P. Coleman III, USA, notified the Company that his share of the voting rights in the Company fell below the threshold of 3 percent on March 26, 2010, and now amounts to 2.77 percent. All voting rights are attributable to Charles P. Coleman III in accordance with section 22 (1) WpHG. The associated voting rights are held by Tiger Global Private Investment Partners V, L.P., Tiger Global PIP Performance V., L.P. and Tiger Global PIP Management V, Ltd., which are controlled by him.

On May 3, 2010 (corrected version), Tiger Global Private Investment Partners V L.P., Grand Cayman, Cayman Islands, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on March 26, 2010, and now amounts to 2.77 percent.

On May 3, 2010 (corrected version), Tiger Global PIP Performance V, L.P., Grand Cayman, Cayman Islands, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on March 26, 2010, and now amounts to 2.77 percent. All voting rights of Tiger Global PIP Performance V, LP, New York, USA, are associated with Tiger Global Private Investment Partners V L.P., Grand Cayman, Cayman Islands in accordance with section 22 (1) WpHG.

On May 3, 2010 (corrected version), Tiger Global PIP Management V Ltd., Grand Cayman, Cayman Islands notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on March 26, 2010, and now amounts to 2.77 percent. All voting rights are associated with Tiger Global PIP Management V, L.P., Grand Cayman, Cayman Islands in accordance with section 22 (1) WpHG. The associated voting rights are held by Tiger Global Private Investment Partners V, L.P., and Tiger Global PIP Performance V., L.P., which are controlled by Tiger Global PIP Management V, L.P.

On May 10, 2010, Ennismore Fund Management Ltd., London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on May 7, 2010, and now amounts to 3.02 percent.

On May 26, 2010, Mr. William Geoffrey Oldfield, United Kingdom, notified the Company that his share of the voting rights in the Company exceeded the threshold of 3 percent on May 7, 2010, and now amounts to 3.02 percent. The attributed voting rights are held through Ennismore Fund Management Ltd., which he controls.

On June 7, 2010, FIL Holdings Limited, Hildenborough, Kent, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 2, 2009, and now amounts to 3.34 percent.

On June 7, 2010, FIL Holdings Limited, Hildenborough, Kent, United Kingdom, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on July 21, 2009, and now amounts to 2.86 percent.

On June 7, 2010 (corrected version), FIL Limited, Hamilton HMCX, Bermuda, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on July 21, 2009, and now amounts to 2.93 percent.

On June 7, 2010 (corrected version), FIL Investment Management Limited, Hildenborough, Kent, United Kingdom, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on July 21, 2009, and now amounts to 2.93 percent.

On July 8, 2010, Ennismore European Smallers Companies Fund, Dublin, Ireland, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on July 2, 2010, and now amounts to 3.18 percent.

On September 1, 2010, Ennismore Fund Management Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on August 31, 2010, and now amounts to 5.23 percent.

On September 1, 2010, Mr. William Geoffrey Oldfield, United Kingdom, notified the Company that his share of the voting rights in the Company exceeded the threshold of 5 percent on August 31, 2010, and now amounts to 5.23 percent.

On September 7, 2010, Baillie Gifford Overseas Limited, Edinburgh, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the thres old of 3 percent on September 3, 2010, and now amounts to 3.10 percent.

On September 7, 2010, Baillie Gifford & Co, Edinburgh, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on September 3, 2010, and now amounts to 3.10 percent.

On November 19, 2010, DWS Investment GmbH, Frankfurt am Main, Germany, notified the Company that its share of the voting rights in the Company fell below thresholds of 5 and 3 percent on September 3, 2010, and now amounts to 0.00 percent.

On November 19, 2010, Allianz Global Investors Kapitalgesellschaft mbH, Frankfurt am Main, Germany, notified the Company that its share of the voting rights in the Company exceeded thresholds of 3 and 5 percent on September 3, 2010, and now amounts to 5.12 percent.

On November 29, 2010, UniCredit Bank AG, Munich, Germany, notified the Company that his share of the voting rights in the Company exceeded the threshold of 3 percent on November 15, 2010, and now amounts to 3.41 percent.

On December 3, 2010, UniCredit S.p.A., Rome, Italy, notified the Company that his share of the voting rights in the Company exceeded the threshold of 3 percent on November 25, 2010, and now amounts to 3.41 percent. The associated voting rights are held by HVB Principal Equity GmbH, UniCredit Bank AG, which are controlled by UniCredit S.p.A.

On December 3, 2010, HVB Principal Equity GmbH, Munich, Germany, notified the Company that his share of the voting rights in the Company exceeded the threshold of 3 percent on November 25, 2010, and now amounts to 3.41 percent.

On December 17, 2010, Farringdon Fund I (FFI), Luxemburg, Duchy of Luxembourg, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on December 9, 2010, and now amounts to 2.53 percent.

On December 17, 2010, Farringdon Capital Management Switzerland SA (FCMS), Geneva, Switzerland, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on December 9, 2010, and now amounts to 2.53 percent.

On December 17, 2010, Farringdon Capital Management SA (FCML), Luxemburg, Duchy of Luxembourg, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on December 9, 2010, and now amounts to 2.53 percent.

On December 16, 2010, (corrected version), Baillie Gifford Overseas Limited, Edinburgh, United Kingdom, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on December 10, 2010, and now amounts to 2.93 percent.

On January 13, 2011, Cyrte Investments GP I B.V., Naarden, Netherlands, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent.

On January 13, 2011, Cyrte Investments B.V., Naarden, Netherlands, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent. The associated voting rights are held by Cyrte Investments GP I B.V. , which are controlled by Cyrte Investments B.V.

On January 13, 2011, Delta Lloyd N.V., Amsterdam, Netherlands, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent. The associated voting rights are held by Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Delta Lloyd N.V.

On January 13, 2011, CGU International Holdings B.V., London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent. The associated voting rights are held by Delta Lloyd N.V., Cyrte Investments B.V. und Cyrte Investments GP I B.V., which are controlled by CGU International Holdings B.V.

On January 13, 2011, Aviva International Holdings Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent. The associated voting rights are held by CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva International Holdings Limited.

On January 13, 2010, Aviva Insurance Limited, Perth, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2010, and now amounts to 3.68 percent. The associated voting rights are held by Aviva International Holdings Limited, CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva Insurance Limited.

On January 13, 2011, Aviva International Insurance Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent. The associated voting rights are held by Aviva Insurance Limited, Aviva International Holdings Limited, CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva International Insurance Limited.

On January 13, 2011, Aviva Group Holdings Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent. The associated voting rights are held by Aviva International Insurance Limited, Aviva Insurance Limited, Aviva International Holdings Limited, CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Invest-ments GP I B.V., which are controlled by Aviva Group Holdings Limited.

On January 13, 2011, Aviva Plc, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent. The associated voting rights are held by Aviva Group Holdings Limited, Aviva International Insurance Limited, Aviva Insurance Limited, Aviva International Holdings Limited, CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva Plc.

On January 21, 2011, Cyrte Investments GP I B.V., Naarden, Netherlands, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent.

On January 21, 2011, Cyrte Investments B.V., Naarden, Netherlands, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent. The associated voting rights are held by Cyrte Investments GP I B.V. , which are controlled by Cyrte Investments B.V.

On January 21, 2011, Delta Lloyd N.V., Amsterdam, Netherlands, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent. The associated voting rights are held by Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Delta Lloyd N.V.

On January 21, 2011, CGU International Holdings B.V., London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent. The associated voting rights are held by Delta Lloyd N.V., Cyrte Investments B.V. und Cyrte Investments GP I B.V., which are controlled by CGU International Holdings B.V.

On January 21, 2011, Aviva International Holdings Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent. The associated voting rights are held by CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva International Holdings Limited.

On January 21, 2010, Aviva Insurance Limited, Perth, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2010, and now amounts to 5.04 percent. The associated voting rights are held by Aviva International Holdings Limited, CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva Insurance Limited.

On January 21, 2011, Aviva International Insurance Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent. The associated voting rights are held by Aviva Insurance Limited, Aviva International Holdings Limited, CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva International Insurance Limited.

On January 21, 2011, Aviva Group Holdings Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent. The associated voting rights are held by Aviva International Insurance Limited, Aviva Insurance Limited, Aviva International Holdings Limited, CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva Group Holdings Limited.

On January 21, 2011, Aviva Plc, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent. The associated voting rights are held by Aviva Group Holdings Limited, Aviva International Insurance Limited, Aviva Insurance Limited, Aviva International Holdings Limited, CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva Plc.

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

Statement with regard to the Corporate Governance Code

The statement required in accordance with 161 AktG has been provided, and has been made accessible to shareholders by being published on the Company's website (http://corporate.xing.com/investorrelations/corporate-governance).

Major events after the balance sheet date

In January 2011, XING AG assumed control of amiando AG, Munich, Germany's leading provider in online ticketing. The purchase price consists of a fixed amount of €8.0 million, €5.1 million of which was paid by the date on which these financial statements were prepared. The €1.9 million to which the management vendors are entitled was retained as the claim is linked to an 18-month requirement that the management remain in the company to be calculated on a pro rata basis. The remaining amount of €1.0 million largely serves to settle liabilities assumed as a result of acquiring amiando AG. Possible earn-outs in a range of €0.00 to €3.3 million may occur. The precise amount will be determined in two years' time, depending on the business development of amiando AG. The earn-out will also be due at that time.

Other disclosures in accordance with IFRS 3 B66 are not possible at the moment for lack of reliable IFRS data.

Hamburg, March 29, 2011

The Executive Board

(Dr. Stefan Gross-Selbeck)	(Ingo Chu)
(Dr. Helmut Becker)	(Jens Pape)

DECLARATION OF THE EXECUTIVE BOARD

We declare that, to the best of our knowledge, the consolidated financial statements provide a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the applicable accounting principles and that the Group management report presents the development of business including the business result and the provision of the Group in such a way that a picture corresponding to the actual circumstances is provided and that the major opportunities and risks of the probable development of the Group are described.

Hamburg, March 29, 2011

The Executive Board

AUDIT OPINION

We have issued the following opinion on the consolidated financial statements and the group management report:

"We have audited the consolidated financial statements prepared by the XING AG, Hamburg, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2010. 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, 29 March 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Ludwig	Klimmer
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

FINANCIAL CALENDAR

Date	Event
March 31, 2011	Annual Report 2010, Hamburg
May 10, 2011*	Interim Report Q1 2011, Hamburg
May 26, 2011*	Annual General Shareholder Meeting, Hamburg
August 10, 2011*	Interim Report HY1, 2011, Hamburg
November 10, 2011*	Interim Report Q3, 2011, Hamburg

* Subject to change

MASTHEAD & CONTACT

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

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Fotos
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Concept & Design
HGB Hamburger Geschäftsberichte
GmbH & Co. KG

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