

▷ **24 OTHER OPERATING INCOME AND EXPENSES** Operating expenses include expenses for sales, marketing and research and development, as well as for logistics and central finance and administration. In addition, they include depreciation on tangible assets and amortization on intangible assets, with the exception of goodwill amortization and other depreciation and amortization which is included in the cost of sales.

Marketing working budget is the largest component of operating expenses. The marketing working budget consists of promotion and communication spending such as promotion contracts, advertising, retail support, events and other communication activities. However, it does not include marketing overhead expenses. In 2007, marketing working budget accounted for approximately 34% (2006: 35%) of the total operating expenses.

Total depreciation and amortization expense for tangible and intangible assets (excluding goodwill) was € 211 million and € 209 million for the years ending December 31, 2007 and 2006, respectively. Thereof, € 7 million and € 16 million were recorded within the cost of sales as they are directly attributable to the production costs of goods sold.

Total other operating income was € 80 million and € 55 million for the years ending December 31, 2007 and 2006, respectively. The other operating income consists of payments in accounts receivable previously written off in the amount of € 1 million (2006: € 3 million), releases of accruals and provisions for an amount of € 20 million (2006: € 16 million), other revenues for an amount of € 38 million (2006: € 35 million) and gains from disposals of fixed assets for an amount of € 21 million (2006: € 1 million).

OPERATING INCOME AND EXPENSES

€ in millions

	Year ending Dec. 31	
	2007	2006
Marketing working budget	1,378	1,301
Marketing overhead ¹⁾	322	291
Sales force ¹⁾	1,037	904
Logistics ¹⁾	529	491
Research and development ¹⁾	84	98
Central finance and administration expenses	685	619
Total	4,035	3,704
Thereof:		
Depreciation and amortization	204	193
Other operating expenses	3,911	3,566
Other operating income	80	55

1) Including personnel and administration expenses.

▷ **25 COST BY NATURE** Expenses are presented by function in the income statement. Supplementary information on the expenses by nature is detailed below.

COST OF MATERIALS The total cost of materials was € 5.153 billion and € 5.470 billion for the years ending December 31, 2007 and 2006, respectively.

PERSONNEL EXPENSES Personnel expenses were as follows:

PERSONNEL EXPENSE

€ in millions

	Year ending Dec. 31	
	2007	2006
Wages and salaries	1,133	942
Social security contributions	92	92
Pension expense	54	53
Personnel expenses	1,279	1,087

Personnel expenses which are directly attributable to the production costs of goods are included within the cost of sales.

▷ **26 FINANCIAL INCOME/FINANCIAL EXPENSES** Financial result consists of the following:

FINANCIAL INCOMES

€ in millions

	Year ending Dec. 31	
	2007	2006
Interest income from financial instruments measured at amortized cost	23	34
Interest income from financial instruments at fair value through profit or loss	4	3
Interest income from non-financial assets	—	—
Net foreign exchange gains	7	2
Fair value gains from available-for-sale investments	—	—
Other	2	—
Financial income	36	39