08

Annual Report

axel springer

Group Key Figures

Group Key Figures

in € millions

	2004	2005	2006	2007	2008	Change yoy
Revenues	**2,402.0**	**2,391.5**	**2,375.9**	**2,577.9**	**2,728.5**	**5.8 %**
Adjusted for consolidation effects[1]				2,555.4	2,585.1	1.2 %
International revenues	373.6	383.7	383.2	537.2	596.8	11.1 %
Pro forma revenues Digital Media				307.4	383.1	24.6 %
EBITDA[2]	**432.8**	**413.6**	**433.9**	**470.0**	**486.2**	**3.4 %**
EBITDA margin[2]	18.0 %	17.3 %	18.3 %	18.2 %	17.8 %	
EBITDA w/o contribution ProSiebenSat.1/Kirch[2) 3)]				433.9	480.0	10.6 %
EBITDA margin w/o contribution ProSiebenSat.1/Kirch[2) 3)]				16.8 %	17.6 %	
EBITA[2]	335.8	338.3	375.0	421.7	422.1	0.1 %
EBIT[2]	315.5	330.4	374.0	421.7	420.0	– 0.4 %
Consolidated net profit/loss	147.5	231.4	290.8	– 288.4	571.1	-
Total assets	2,392.4	2,612.0	3,124.0	3,826.9	2,812.6	– 26.5 %
Equity	873.4	1,185.0	1,795.1	1,211.8	1,060.3	– 12.5 %
Equity ratio	36.5 %	45.4 %	57.5 %	31.7 %	37.7 %	
Cash flow from continuing operations	305.0	223.7	253.5	283.1	265.1	– 6.3 %
Net debt/liquidity	173.0	327.2	477.4	– 743.1	– 369.5	-
Earnings per share (in €)[4]	4.65	7.33	9.13	– 9.70	18.54	-
Dividend[5] (in €)	1.45	1.70	3.50	4.00	4.40	10.0 %
Year-end share price (in €)	86.00	108.00	136.45	98.00	51.39	– 47.6 %
Average number of employees	10,700	10,166	9,733	10,348	10,666	3.1 %

1) Adjusted for the effects of changes in the consolidation group.
2) Adjusted for non-recurring effects and effects from purchase price allocations.
3) Adjusted for the ProSiebenSat.1 Media AG dividend collected in the previous year in the amount of € 23.1 million and for payments under the Kirch insolvency in the amount of € 6.2 million (PY: € 13.0 million).
4) Diluted.
5) Dividend proposal for fiscal year 2008.

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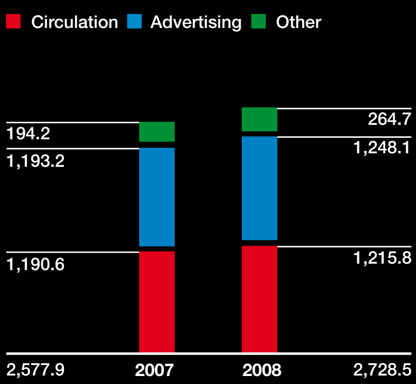
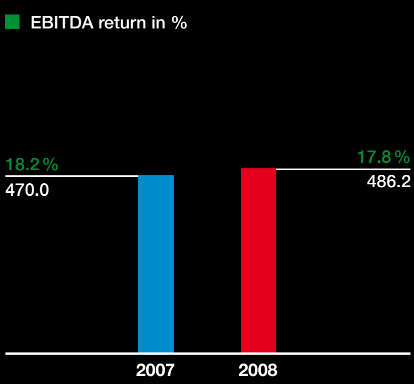
5.8% Increase in Revenues

in € millions



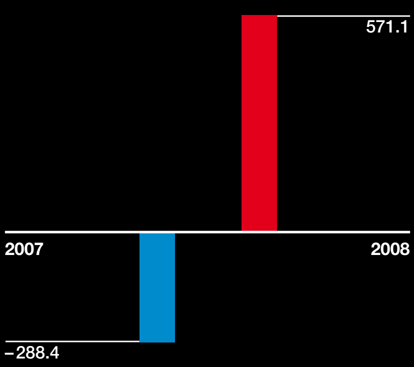
Record EBITDA

in € millions



Record Net Profit

in € millions



The core of our business is not producing printed paper, but excellent journalism. Every medium, whether print, moving image or online content, is subject to different playing rules, but content quality is always paramount. Our business has always been and will always be about news, opinions and well-told stories. We are linking the different worlds together by building networks and transcending media boundaries. Our goal is clear: to be the best-integrated and most customer-friendly media company in Europe.

Foreword

Dr. Mathias Döpfner
Chairman and Chief Executive Officer

“Never in its history did Axel Springer earn so much money in one year.”

Dear Shareholders!

Sometimes it is more difficult to perform well in bad times than it is to perform better in good times. In 2008, the year of the financial crisis, our employees were at their best in bad times:

– Revenues + 5.8 % to € 2,728.5 million
– Record EBITDA of € 486.2 million
– Record consolidated net profit of € 571.1 million
– Record dividend of € 4.40

Those who read these figures may find themselves rubbing their eyes in disbelief. Is it possible that Axel Springer AG generates record results during a financial crisis and a media crisis: at a time when competitors are issuing one profit warning after another, when advertising revenues are plummeting, when once-proud U.S. newspapers are going belly up, when some believe that the death-knell is tolling for the print media? Yes, it is. We are celebrating these results together with our employees and shareholders without being pretentious or frivolous. When you take a closer look at our key performance indicators, you will understand why we are so proud.

Let us begin with the most important facts: Axel Springer AG generated an EBITDA of € 486.2 million in the 2008 financial year, the highest earnings in company history. We not only surpassed the previous year's figure of € 434 million, adjusted for the non-recurring effects associated with Kirch and ProSiebenSat.1, as predicted, we also exceeded by 3.4 % the previous year's unadjusted figure of € 470 million. And we did it despite the extremely slow economy during the second half of 2008.

The same is true for Axel Springer's consolidated net profit of € 571.1 million, a convincing improvement over the previous year's consolidated net loss of € 288.4 million, which was due to the recognition of impairment losses. This was also a record result for Axel Springer in absolute terms. Never in company history has Axel Springer earned so much money in one year. When adjusted for the sale proceeds and dividends from the ProSiebenSat.1 deal and other significant non-operating items, such as the effects of purchase price allocations, amortization of goodwill, the valuation changes of the H&F options, the income from the Kirch insolvency, and tax effects, the consolidated net profit improved from € 234.6 million to € 254.5 million. This is also indicative of how strong our business is.

The 5.8 % revenue growth achieved last year also reflects a positive trend that rarely occurs under such circumstances. The Group's revenues rose from € 2,577.9 million in 2007 to € 2,728.5 million in 2008, thanks in part to the effects of the company's acquisitions of growth businesses, but also in part to the positive performance of existing businesses. Axel Springer grew 1.2 % organically in 2008. This is another strong, anticyclical achievement in times of declining media revenues.

The earnings per share improved significantly from € – 9.70 in 2007 to € 18.54 in 2008. The equity ratio rose from 31.7 % to 37.7 %. The company's net debt (excluding pension obligations) declined from € 743.1 million to € 369.5 million. Axel Springer's gearing of 0.8 is extremely low for a media company today.

The evidence is clear. Axel Springer AG gained significant economic strength during difficult economic times. And we have met or even surpassed our earnings forecast for seven straight years. In order to share this extraordinary success with our shareholders and uphold our fine tradition of paying high dividends, the Management and Supervisory Boards will propose a dividend of € 4.40 per share at the annual shareholders' meeting. This dividend is 10 % higher than the previous year's dividend and equates to a dividend yield of 8.6 %, based on the closing share price at the end of the year. It is the highest dividend Axel Springer has ever paid.

Significant revenue growth, debt reduction even as the company's debt load is quite low, record EBITDA, record consolidated net profit, record dividend: How did we manage to accomplish all of this in the current environment?

We are naturally quite pleased with the extremely successful sale of our stake in ProSiebenSat.1 Media AG. At the time, many said the sale price was too low. But in view of the general economic outlook, the capital market cycle, and the structural development of the free-TV business, we thought it was a good time to sell. We sold our stake for € 509.4 million in January 2008.

At the end of 2008 the value of that stake as quoted on stock exchange would have been worth only € 63 million. The deal thus secured a value of € 446.4 million for Axel Springer. Nonetheless, this gain was partly offset by the exceptional charges for impairment losses in the company's investment in PRINOVIS, and in the title rights to our German magazines amid the current economic environment.

It is important to remember, however, that non-recurring factors were not the main reason. The company's revenues and earnings were higher on both an adjusted and an unadjusted basis. We worked hard, successfully implemented copy-price increases, centralized our advertising sales in the German market, thereby increasing our focus on the customer, initiated cost reduction measures at an early stage to counteract the substantial decline in print advertising revenues, and further optimized our internal processes.

But other companies also take similar steps. What then sets us apart from the rest? Aside from our focus on timely, disciplined cost management and the successful implementation of copy-price increases, I believe that three factors are especially important:

1. The comparatively lower dependence on the advertising market.
2. The timely and resolute digitization of our business operations.
3. Our strong brands.

Whereas U.S., English, and German newspaper companies generate anywhere from 55 % to 80 % of their total revenues through advertising, Axel Springer's advertising revenues account for only 45.7 % of the total. In particular, the classified advertising business, which has been deeply impacted by structural shifts, is much less important for Axel Springer. While our competitors generate about 56% of their total advertising revenues from classified ads, at Axel Springer AG they represent only 18 % of advertising revenues and only 8 % of total revenues. Consequently, we are less affected by the cyclical trends of the advertising market, and more importantly, we have much more to gain and less to lose from the digitization of these business models due to our low dependence on classified advertising revenues.

This leads to the very determined transfer of our business models to digital distribution channels, which is a critical success factor for media companies. We sought to take advantage of online opportunities at a very early stage and then proceeded to invest in these opportunities resolutely and without fear of cannibalizing our existing businesses. Our motto has always been: it is better to cannibalize our own business than to let others do it for us. And there is much to be gained, because overall growth and growth in earnings in the digital business can be greater than the decline thereof in the analog business. To be successful in this endeavor, the complete integration of print and online processes, from content production to the now centralized cross-media marketing, is vitally important. This philosophy is paying off today. Seven of our profitable online businesses achieved EBITDA margins of more than 20 % in 2008. And the two highest earnings margins across the entire group are now being generated by online activities. Online business is thus not simply an abstract future vision. It has already become a lucrative reality.

Thirdly, we clearly profit from our strong brands when the economic going gets tough. In times when marketing budgets are being scaled back, our high-reach BILD family (which generated record profits for the sixth year in a row in 2008) is the big winner in the crisis. Because advertisers want to place their ads where the (sales) impact is greatest. The same is true on the regional level for HAMBURGER ABENDBLATT, BERLINER MORGENPOST, and Berlin's highest-circulation newspaper, B.Z. And, in perhaps the nicest development of all, last year WELT Group also managed to transform the crisis into an opportunity. In last year's Annual Report I reported that our premium newspaper group had earned a profit for the first time in its history. Now, I am proud to report that WELT Group generated an even higher profit in 2008. The same group that posted a double-digit loss only four years ago generated a double-digit profit last year despite the financial crisis and despite substantial investments made in WELT KOMPAKT and online business activities (which saw their reach grow by 121.6 %).

All of this does not mean that we have become complacent or have deluded ourselves into thinking that our business is totally immune to the effects of financial and structural crises. In 2009, we must be prepared to cope with an extremely slow advertising market and the effects of recessionary tendencies. It would be irresponsible to release a precise forecast in this extremely volatile environment. We will, of course, be unable to again generate record results in this economic environment as we did this past year.

Our task will be to further expand our advantage over our competitors and to invest in the strength of our brands and in digitization. We want to offer newspapers, magazines and websites after the crisis which continue to delight our readers with journalistic excellence. We are therefore convinced that Axel Springer will gain additional market share and emerge from this crisis strategically stronger.

There are three reasons why we are so firmly convinced of all of this:

1. We are entering the crisis in an extremely strong economic position. We have substantial cash holdings, low debt, and a very advantageous line of credit.
2. As market leader, these advantages will allow us to further bolster the relative power of our strong brands through cross-media activities, especially with regard to digital distribution channels.
3. These advantages also make it possible for us to capitalize on unique opportunities, namely to acquire attractive assets at very favorable prices. This will expedite the development of our company and help us achieve our objective of becoming a leading European integrated multimedia group.

Also helpful in this regard are clearly formulated corporate values and transparent sociopolitical beliefs. This will be seen very clearly in 2009 when the Federal Republic of Germany celebrates the sixtieth anniversary of its founding and the twentieth anniversary of the fall of the Berlin Wall.

We are in Berlin. It is here that our corporate headquarters and our main current and national titles are located, including BILD since 2008. From our offices we are glad to look out on the reunified capital of Germany – on an area where the Wall once stood close to our building. And from here we reflect on our founder, Axel Springer, who, while being interviewed in 1959, was confronted with the following statement: "Sometimes one gets the impression that your newspapers, especially Bild-Zeitung, are trying to give the Germans hope that will ultimately dissolve into disappointment."

To which Axel Springer replied:
"Including the Bild-Zeitung, we have not talked the Germans into having hope, but we have perhaps shown them goals. The reunification of Germany is enshrined in the preamble to the Basic Law, which is the law of the land, after all. It is written there that every German is duty-bound to bring about the unity and freedom of Germany through free self-determination. That is the mission we have set for ourselves. Whether it can be achieved today, is another question.

I am regarded by many as one of the driving forces for the reunification of Germany. In that respect, I find myself in agreement with many of my social democratic friends, who have been that way to the present day. I believe we cannot afford to lose sight of this goal, but I will formulate it quite courageously: Reunification means self-determination more than anything else. Self-determination for the Germans, freedom for all Germans, not only for us. I believe we are simply not permitted to let the others waste away in bondage on the other side. We are simply not permitted to do that, especially considering the fact that we owe a special debt by virtue of our history."

We have many reasons to be happy today.

Sincerely

Mathias Döpfner

Management Board

Dr. Mathias Döpfner
Chairman and Chief Executive Officer
Subscription Newspapers and International

Born 1963, journalist.
Career milestones:
Frankfurter Allgemeine Zeitung, Gruner+Jahr
Chief Editor Wochenpost, Hamburger Morgenpost and DIE WELT.
Member of the Management Board since 2000, Chairman since 2002.

Rudolf Knepper
Vice Chairman
Printing and Logistics

Born 1945, master's degree in engineering and master's degree in business and engineering.
Career milestones (since 1973 with Axel Springer):
Head of Corporate Planning Office for Printing;
Manager of the Hamburg Printing Plant;
Head of Production Newspaper Printing;
Member of the Management Board since 1994, Vice Chairman since 2002.

Steffen Naumann
Chief Operating Officer and Chief Financial Officer

Born 1966, master's degree in business administration and master's degree in economics.
Career milestones:
McKinsey & Company;
Member of the Management Board of Bertelsmann Buch AG;
Executive Vice President and Chief Financial Officer of Random House, New York.
Member of the Management Board since 2001.

Dr. Andreas Wiele
BILD Group and Magazines

Born 1962, lawyer.
Career milestones:
Editor, Hamburger Morgenpost;
Head of Publishing Capital and Geo, Gruner+Jahr, Paris/France.
Executive Vice President and Chief Operating Officer of Gruner+Jahr USA Publishing, New York.
Member of the Management Board since 2000.

Discover the diversity of the journalistic offerings of our newspapers, magazines, and online portals: www.axelspringer.com/ourmedia

Axel Springer: multimedia journalism

Our passion for excellent journalism has, for a long time, included digital media: We transfer print brands and content to digital distribution channels and supplement our portfolio with online portals. Examples from our brand portfolio demonstrate: This is how multimedia is already experienced at Axel Springer.

Systematic linkage

It is after midnight. Tuesday, **00.04 a.m.:** copy deadline at WELT KOMPAKT, one of the most up-to-date national daily newspapers in Germany. The new edition is ready for printing. One main subject is the new US President Barack Obama's move into the White House. Parallel to the print version in its compact tabloid format, WELT KOMPAKT also provides access to things worth knowing and seeing on the subjects of the day through various digital media. Readers expect a lot more about something like the Obama family's move than condensed reports, commentaries, or photos in their newspaper. For example, they can download the president's inaugural speech on their mobile phone as a video by decoding the printed "QR Code" (quick response code). Several times a day, according to the situation and attractiveness of the offering, the journalists decide what newspaper content is to be supplemented with digitized additional information through the QR Code.

With the QR Code, WELT KOMPAKT employs an innovative opportunity for the link between newspaper production and online service. The interested reader simply photographs the square bar code, which can contain a web address, for example, with his/her (Internet-enabled) cell phone, which is equipped with a free software application for this purpose. The software translates the code, and the connection to the offered web page is automatically established.

WELT KOMPAKT is in addition one of the first daily newspaper to systematically offer in-depth information on current events-streaming videos on the Internet, which are also to go. Impressive proof for the claim of incorporating attractive innovations from the media world – "Twitter," "YouTube," "Facebook," and "MySpace" are also examples of this – into the multimedia strategy of the quality newspaper to delight even more young and ageless readers.

The newsroom, the heart of the editorial office: Here, ideas are developed and journalistic content is prepared both for the newspaper as well as for various digital media

The latest news from WELT TV: Melanie Müller and her team prepare moving image reports of topical issues and thus keep WELT ONLINE users up to date through videos

WELT KOMPAKT offers real added value with additional digital information on the Internet: Access is via a printed code, the QR Code, which the reader photographs with their cell phone and which is then transformed into a web address by special software

“Philipp, what did it come down to?” BILD editor Kai Traemann interviews Philipp Lahm about the Bayern Munich match, in private surroundings. The international player speaks spontaneously into the reporter’s mini camera. Using special software, the material is sent directly to the BILD editorial office

Freshly showered, friendly, professional: Even after a defeat, Philipp Lahm doesn’t try to gloss over anything. In the video on BILD.de he explains to the fans what the team must do better in the next match

Perfect teamwork

The Sunday fixture of the Bundesliga, the national soccer league. The Munich Allianz Arena, **6.48 p.m.:** final whistle, defeat for Bayern Munich, match report, headlines. And then? Then BILD shows you what multimedia means.

8.53 p.m. Munich's BILD sports reporters right up close: Analysis, discussion, and outlook. A post-match interview with Philipp Lahm in his private surroundings. No pencil, no paper – the international player speaks into a small camera held by the reporter: The material is sent directly into the BILD editorial office during the recording using special software.

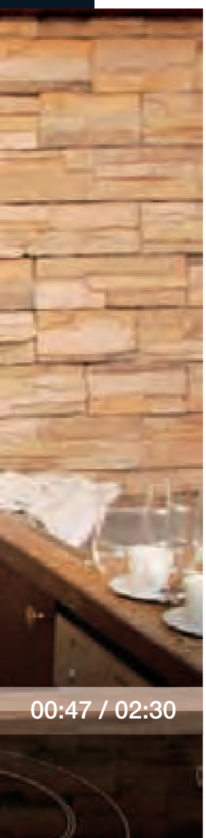
It is still 8.53 p.m. The BILD Web-TV team gets the first pictures. Editing, sound recording, graphics. Parallel to the newspaper page, the video emerges. Can BILD TV also sell it tomorrow to a television station as well? "Of course – by then we have long broadcast it already."

9.56 p.m. The video goes online on BILD.de. And the story and the photos? "Have been in the sports channel for three hours already." What else do we still need as supplementary material? Did the reader reporters send something on the game? Photos, videos? The Lahm interview has also been on BILDmobil for a long time already!

11.30 p.m. BILD Munich starts printing. Two pages on the match. Large banner: "You can see the exclusive video online." Anyone can click in, look, enjoy: www.BILD.de.

BILD is not print, not online. BILD is exclusive, emotional, and the market leader. The biggest newspaper in Europe with far more than eleven million readers daily. Online with one billion clicks and 80 million visits per month. Mobile front runner with more than 17 million page views. The BILD brand stands for innovation in the media market. Ten of thousands of photos from the "1414" reader reporters. Nearly 30,000 BILD video cameras sold with direct upload capability to the editorial department's server. "4242" – via picture recognition technology videos arrive directly on cell phones. Own cell phone tariff with flat rate surfing on the BILDmobil portal. Moving image pioneer. BILD, that means: 800 reporters, all channels.

11.31 p.m. – only one question remains: And what are we going to do tomorrow?



All the threads converge in BILD's production room. The information and materials are viewed and edited here for the readers of the BILD newspaper as well as the users of BILD.de

In the editorial office, the newspaper pages of every edition are laid out on the computer by media designers and continually updated according to the events of the day

Use of multimedia: Martin Spieler (r.), editor-in-chief of Axel Springer Switzerland's HANDELSZEITUNG, appears several times each week on the radio and in his own program "standpoints" on television. He explains the development of the economy and stock exchange to viewers on all channels. Here, for example, with Philippe Gaydoul, managing director of a leading Swiss groceries discounter

Well informed in the office: Like many other Swiss businessmen, this reader of the HANDELSZEITUNG also uses the morning train journey for an intensive read of the newspaper

Switzerland trusts in this

A new day at the stock exchange in Zurich. **7.35 a.m.:** The first firms announce their results and key data in advance. Live in the radio studio at the best broadcasting time: Martin Spieler, editor-in-chief of the Axel Springer Switzerland trade newspaper HANDELSZEITUNG, comments on the events on the stock exchange. A quarter of a million people in the financial center of the country can listen to his analysis.

The editorial team of the HANDELSZEITUNG, the largest business newspaper in Switzerland, reacts to events in a media-compatible way in every situation – be it in the weekly newspaper on Wednesday, on TV programs on Wednesday and Friday, as well as daily on the radio and on the Internet. Particularly in the global financial and economic crisis, journalism committed to research, analysis, and commentary is highly rated.

In the conference at 8.30 a.m. on this morning, the editorial board determines the major topics for the newspaper and the television broadcasts. Stock ex-

change analyses and picture galleries are prepared for the Internet. Point 12 on the radio and on the Internet: "Straight from the HANDELSZEITUNG Editorial Office Martina Wacker:" The editorial team comments on the stock exchange events worldwide for the radio and for the Internet three times per day – at 7 a.m., 12 noon and 5 p.m. In addition to its newspaper and online activities, the HANDELSZEITUNG Editorial Office publishes 100 specialist supplements and guides annually. In addition, it produces three different economics programs that run on the Swiss television channel SF1 as well as the two largest private regional TV stations.

At 2 p.m., the online editorial team discusses the day's and the week's topics. Additional texts, links, and pictures are looked for, rewritten, and prepared for the Internet. At 4.30 p.m., it is time for the telerecording: Personalities from industry are critically interviewed. Loyal to the creed of the HANDELSZEITUNG, always to hear news and information first hand, to examine it and to place it into a larger context.

A pro in the radio studio as well: Every day editor-in-chief Martin Spieler analyzes and comments for the listeners on the current developments on the financial markets

She doesn't miss a word: HANDELSZEITUNG editor Martina Wacker edits a radio appearance by the editor-in-chief on the computer and cuts a podcast from it, a radio program that is then available for download on the Internet

A photo that radiates the whole dynamic and expertise of TV DIGITAL in the field of sport: Marvin Compper, soccer international and defender at TSG 1899 Hoffenheim, in a shirt displaying the TV DIGITAL logo – the brand is the club's main sponsor

Only television is more beautiful: TV DIGITAL's website is as informative as it is entertaining at www.tvdigital.de

With seven individual split editions, TV DIGITAL is responsive to viewers' different entertainment needs. In every edition, TV DIGITAL informs about the offerings from up to 108 digital stations

From viewer to program director

Had a good sleep! **11.45** on Sunday morning, a group of young people are drawn to breakfast. At the table with them is the subject of television. The topic of conversation is provided by TV DIGITAL. Germany's biggest TV magazine and defining medium for digital entertainment offers exciting and current information on films and television, as well as all around sport every two weeks. Providing interesting facts from the world of consumer electronics, the technophile younger generations, which use new media with the greatest of ease, are brought up to date by TV DIGITAL, which spans the whole range of electronic entertainment media and new flat-screen TVs, as well as mobile entertainment through video players, navigation with cell phones, right up to digital cameras. Above all, the magazine gives an optimal overview of the growing range of TV services on offer. The TV DIGITAL reader selects their ideal program among other things, from the large Entertainment Guide section, which – for complete user value – reports on new films on TV, at movie theaters, and on DVD and Blu-ray Discs.

On the Internet at www.tvdigital.de it is called the "full program." An extensive channel database with short profiles of at least 400 TV channels is also accessible at all times.

If you are drawn towards communication platforms on the Internet, the TV DIGITAL Entertainment Community is waiting for you. Here, new trends are discussed and current feature films, music, and offerings from the web are evaluated. Whether videos from linear TV or moving images from the web: According to interest, content can be downloaded to mobile end devices, a PC, or directly to a home hard disk recorder. A further innovation is "My personal TV DIGITAL:" Thanks to intelligent and "self-learning" technology, the spectator can set up his personal TV stations on the hard disk recorder in only a few moves. The result is individual TV enjoyment just like, above all, the younger, multimedia-oriented generations wish for.

Through its electronic program guide, TV DIGITAL provides viewers with simple and comfortable navigation, selection, and programming of TV content. It applies also in the respect that Germany's defining medium for digital entertainment is equipped for the future

Not only a fascinating spectacle live: Women who are interested can find out more about the highpoints of major fashion events, such as here the Fashion Week in Berlin, on the Internet at goFeminin.de, the German-language website from auFeminin.com

auFeminin.com – with portals in nine countries – is Europe's leading online platform for the female target group. Every user can expect to find a wide spectrum of information, services, and communities on subjects such as trends and fashion, beauty, fitness, and psychology on the Internet

Straight from the catwalk

The fashion world is feverishly awaiting this evening. A Friday in Berlin, **8 p.m.:** On the catwalk, international models present the creations for the coming autumn. The fashion-conscious woman is just as good as there via the Internet, thanks to goFeminin.de, the German-language website from auFeminin.com, Europe's leading online platform for women. Within a very short time, the most important trends can be appraised on the web. The editorial team of auFeminin.com has made it all possible; the fashion experts research the innovations beforehand, comment on the highlights, and provide background reports. Thanks to their professional competence, they also, in this case, provide the women with orientation and the nice feeling of being in vogue this season.

Women in nine countries rely on this guidance in the meantime. And they can do it with absolute confidence: In France, Belgium, Switzerland, Spain, and Germany, the respective country portal of auFeminin.com is already the market leader. In Great Britain, the portal even ranks in the top trio of women's websites in the "general interest" category.

auFeminin.com supplements Axel Springer's successful women's magazines ideally and stands for the consistent digital expansion of the spectrum of multimedia products on offer. "Health" is another one of these cornerstones. Through the acquisition of the health portal Onmeda.de, Germany's leading supplier of health information in the premium online segment, auFeminin.com has optimally rounded off its core competence. Consequently the users of auFeminin.com are not only up-to-date in fashion, but also have an adviser for their all-round well-being, that is all one can wish for.

Highlights

The year 2008 was yet another successful year in the business development of Axel Springer. You can find a selection of important milestones here.

BILD pushes cross-mediality
Axel Springer presses ahead with cross-media integration at BILD. The foundations for this were the buyback of the remaining shares in BILD.de from T-Online and the consolidation of the editorial offices in Berlin. Since then, the online and print editorial teams have been working together in the joint production room and in interlinked departments, in order to tell every story with multimedia as text, photos, video, and graphics. Their motto: "Not every editor must be able to do everything; the editorial team must be able to do everything." Cross-media success stories: BILD launches the 4242 service for downloading videos via BILDmobil and introduces the reader reporter video camera.
www.bild.de

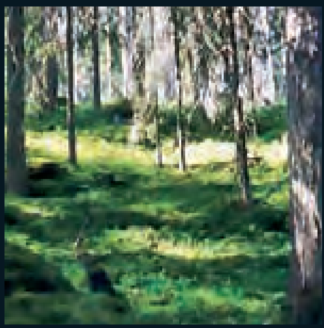
Acquisition of 33.3 % of StepStone ASA
Clear positioning in the international online job market: Axel Springer acquires about 33.3 % of the shares of StepStone ASA, Oslo, a worldwide leading supplier of talent management software and services. The focal points of business activity are online job fairs and talent management software. Previously Axel Springer already held around 49.9 % of StepStone Germany AG. Through its investment in the parent company, Axel Springer has now also positioned itself on the attractive European market of the online job fair.
www.stepstone.com

Participation in Doğan Yayin
The existing partnership between the Doğan Group and Axel Springer is strengthened by a participation in the leading Turkish media group Doğan Yayin Holding. The group has an excellent position in an attractive growth market and an outstanding portfolio suitable to Axel Springer with the newspapers Hürriyet, Milliyet, and Posta, as well as Doğan TV.
www.doganholding.com.tr

Acquisitions strengthen digital offensive
onmeda.de, partyguide.ch, usgang.ch, transfermarkt.de, or gamigo.de, these strong brands on the Internet all belong to Axel Springer's digital media offerings. With onmeda.de Axel Springer expanded its offering providing premium information on the subject of health in 2008. The leisure-time range and lifestyle portals PartyGuide and usgang are winners due to their high penetration. transfermarkt is the number one among the soccer communities in the German-speaking Internet and gamigo is one of the leading online game suppliers.
www.axelspringer.com/ourmedia

WELT Group heading for a record
Leading in cross-media quality journalism: The daily newspaper DIE WELT, with its tabloid WELT KOMPAKT and its news portal WELT ONLINE, reach new record highs in 2008. DIE WELT never sold so many copies before as in the second quarter of 2008, with more than 280,000 copies. WELT ONLINE, by far Germany's fastest-growing digital news portal, positioned itself at the peak of the online offerings by the German quality newspapers on the web in December 2008, with 173.6 million page impressions.
www.welt.de

Launch of "FAKT" in the UK and Ireland
Premiere for Axel Springer: With the first editions of FAKT for Polish citizens living in the United Kingdom and Ireland, an international subsidiary of the group introduced a print product in a third country for the first time. At the same time, it is at present also the first pillar of Axel Springer in the British Isles. The two editions provide the week's most important information from the Polish homeland as well as from the United Kingdom and Ireland.
www.efakt.pl



Top quality seal for sustainability reporting
Responsibility lived successfully: As the first media enterprise worldwide, Axel Springer is awarded the highest mark of "Level A+" by the Global Reporting Initiative for its Sustainability Report. The group reports voluntarily on a total of 121 ecological, social, and economic performance criteria. The entrepreneurial responsibility of Axel Springer extends far beyond its core business. Example: "Ein Herz für Kinder" (A Heart For Children): During the TV Gala on the occasion of the 30th anniversary of the BILD aid organization in December 2008 alone, € 15.1 million were collected – a new contribution record.
www.axelspringer.com/sustainability

axel springer
media impact

A partner for all media: Axel Springer Media Impact
Always an eye on the customers' needs: Following this guiding principle, Axel Springer AG has consistently put the marketing of its national newspapers, magazines, and digital media into the hands of a unit. Through the cross-media concentration of its advertising business, Axel Springer Media Impact offers one of the strongest media penetration rates on the German media market – and links print and online media, forming individual and innovative communication solutions.
www.axelspringer.com/asmi

Management Report of the Group and Management Report of Axel Springer AG

2008 at a glance

Amid the difficult operating environment of the 2008 fiscal year, Axel Springer AG surpassed the forecast targets announced at the beginning of 2008 and posted the highest profit in the company's history.

The 5.8 % increase in Group-wide revenues was driven in part by the revenue contributions of new activities, but also in part by the heightened circulation revenues of the company's print titles, due to the copy price increases implemented by some of the newspapers and magazines. These factors more than offset the decline in advertising revenues in the core business of German-language media caused by the economic situation.

Thanks to the positive revenue development and the continuing practice of strict cost discipline, the earnings before interest, taxes, depreciation, and amortization (EBITDA) came to € 486.2 million, 3.4 % higher than the corresponding prior-year figure (€ 470.0 million). Adjusted for the dividend of ProSiebenSat.1 Media AG and the income from the Kirch insolvency, the EBITDA of € 480.0 million was well above the forecast target of at least € 434 million. At 17.8 %, the EBITDA margin for 2008 remained on a high level (PY: 18.2 %). The EBITA of € 422.1 million was likewise higher than the prior-year figure of € 421.7 million.

The consolidated net profit of the Group reached a new all-time record of € 571.1 million (PY: consolidated net loss of € 288.4 million). Even adjusted for significant non-operating items, including the gains on disposal in 2008 and the negative results of discontinued operations in 2007, the consolidated net profit rose from € 234.6 million to € 254.5 million. The diluted earnings per share came to € 18.54 (PY: € – 9.70); adjusted for significant non-operating items, it rose from € 7.77 to € 8.43. In view of the positive profit performance, the Management Board and Supervisory Board will propose distributing a dividend of € 4.40 (PY: € 4.00) per qualifying share at the annual shareholders' meeting to be held on April 23, 2009.

Outlook for 2009

At the beginning of 2009, Axel Springer sold its minority interests in regional newspapers, thereby freeing up funds for investments in the company's own newspapers, for the multimedia expansion of its brands, and for the acquisition of new online growth businesses. At the same time, Axel Springer (like every other company today) is faced with the challenge of dealing with an extraordinary economic downturn. In consideration of this exceptional situation and the associated forecast uncertainties, the Management Board has opted not to announce revenue and EBITDA targets for the year 2009.

Introductory remarks

The following combined management report for the Group and the parent company Axel Springer AG contains statements about the development of the Axel Springer Group. With the exception of those effects that are described separately, these statements are also largely applicable to the development of Axel Springer AG.

For the sake of enhanced comparability, the operating earnings indicators EBITDA, EBITA, and EBIT have been adjusted for non-recurring effects and for the effects of purchase-price allocations.

Starting at the beginning of 2008, more detailed criteria were applied for the purpose of classifying revenues as "advertising revenues" and "other revenues" in the Digital Media segment. This change affected the prior-year figures from the third quarter onward. As a result, the "advertising revenues" for the second half of 2007 were € 14.3 million less than the figure published in the Annual Report for 2007, and the "other revenues" were higher by the same amount.

Business activities and operating environment

Business activities

Founded in 1946 by the publisher of the same name, Axel Springer today is the biggest newspaper publisher and the third-biggest magazine publisher in Germany. It is also one of Europe's leading media companies. The core competence of Axel Springer is excellent journalism – up-to-date, informative, and entertaining – in newspapers, magazines, and digital media. Moreover, Axel Springer's information and entertainment services provide attractive, cross-media advertising spaces. Another core competence consists in the creation of marketplaces and classified ad markets as supplementary information and business platforms.

Axel Springer is active in a wide spectrum of media, from newspapers and magazines to web portals based on the company's print brands, online classfied ad markets and marketplaces and independent of those brands, as well as online classfied ad markets and marketplaces and TV and radio broadcast companies. Thus, Axel Springer's media portfolio covers the information needs of a diverse group of consumers in a total of 35 countries to date. The portfolio includes successfully established multimedia brand families such as the BILD Group and the WELT Group. Axel Springer reaches 55.9 % of Germans through its 65 newspapers and magazines. With reference to all the titles tracked by the German circulation research institution IVW, Axel Springer holds 20.3 % of the German market. Outside Germany, Axel Springer publishes more than 140 international titles. On top of that, the company operates more than 60 online offerings and holds investments in TV and radio broadcast companies in Germany and abroad.

The company's core values are creativity, entrepreneurship, and integrity. These values represent the basis of Axel Springer's corporate culture. They provide guidance to the company's highly motivated and highly qualified employees as they pursue the company's business strategy. The strategic priorities are to extend the company's leadership position in the national print market and advance the internationalization and digitization of the core business of print media. By this means, Axel Springer intends to become the best-integrated multimedia company in Europe.

Business locations, equity holdings

The company's headquarters is located in Berlin. Publishing sites are located in Hamburg and Munich, as well as at other locations and in other countries. The consolidated shareholdings of the Group are listed in Section 46 of the notes to the financial statements.

Segments

Axel Springer applied the new accounting standard IFRS 8 Operating Segments in its segment reporting for the first time in 2008. In accordance with this standard, the external segment reporting is generally based on the company's internal management and reporting structures. An important change in the segment reporting of Axel Springer involves the assignment of all the brand-related online activities of the newspapers and magazines (such as Bild.de, for example) in Germany and abroad to the Digital Media segment. The prior-year figures were adjusted accordingly. As a result of this change, the principal elements of the company's business strategy (those being market leadership in the core business of German-language media, internationalization, and digitization) are presented without overlaps, in the most transparent way possible.

Currently, Axel Springer's business activities are assigned to one of the following five segments: Newspapers National, Magazines National, Print International, Digital Media, and Services/Holding.

Newspapers National
Axel Springer is Germany's biggest newspaper publishing house. The German newspapers (and German advertising supplements) are consolidated within the Newspapers National segment. Traditionally the biggest revenue generator of all the segments, Newspapers National contributed 46.8 % of the Group's consolidated revenues in 2008.

Axel Springer's newspaper BILD is Europe's biggest tabloid-format newspaper. In the category of newsstand papers, BILD (together with the Berlin tabloid B.Z.) is the market leader, with a market share of 80.7 %, based on paid circulation.

With a market share of 17.3 %, the daily newspaper DIE WELT (including the tabloid-format WELT KOMPAKT) is Germany's third-biggest premium newspaper, as measured by the paid circulation.

The regional subscription newspapers HAMBURGER ABENDBLATT and BERLINER MORGENPOST are the leading regional newspapers in their respective metropolitan areas, with market shares of 58.5 % (Hamburg) and 24.6 % (Berlin) (Hügel Statistik, measured by gross advertising sales). Together with B.Z., these newspapers are representative of Axel Springer's strong command of regional markets.

In the group of national Sunday newspapers, Axel Springer's BILD am SONNTAG and WELT am SONNTAG are the clear leaders, with a market share of 86.4 %.

In particular three awards substantiate the excellent journalistic quality of Axel Springer AG's media offerings. The premium newspaper DIE WELT was honored with the Ludwig-Erhard-Preis for economic journalism. The HAMBURGER ABENDBLATT received the Deutsche Lokaljournalistenpreis (German Local Journalist Prize) from the Konrad-Adenauer-Stiftung for the overall performance of the editorial staff and also the Theodor-Wolff-Prize 2008 in the category "local".

Magazines National
With a portfolio comprising more than 50 titles, Axel Springer is the third-biggest magazine publisher in Germany. The company holds leading market positions in the categories of TV listings, women's magazines, youth magazines, music magazines, computer magazines, auto magazines, sports magazines, and business publications. The Magazines National segment contributed about 20.7 % of the Group's total revenues in 2008.

Auto The publications of the AUTO BILD brand of automobile magazines are the preferred choice of car lovers and other interested persons. Axel Springer also publishes numerous specialty titles under the AUTO BILD brand, including AUTO BILD SPORTSCARS, for example.

Sport Axel Springer is represented in the market of sports magazines with SPORT BILD.

Women, youth, music In the category of women's magazines, Axel Springer publishes major titles such as BILD der FRAU, JOLIE and FRAU von HEUTE. It also publishes youth magazines such as POPCORN and MÄDCHEN and music magazines such as ROLLING STONE and MUSIKEXPRESS.

TV listings HÖRZU is the No. 1 weekly TV listings guide in Germany. Axel Springer also publishes TV DIGITAL, the first-ever TV listings guide for digital TV, as well as titles such as FUNK UHR, BILDWOCHE, TV NEU, and TV GUIDE.

Computer and entertainment electronics The company's most important brands in the market for computer and entertainment electronics magazines are COMPUTER BILD, COMPUTER BILD SPIELE, and AUDIO VIDEO FOTO BILD.

Business and finance The German publications EURO, EURO am SONNTAG, and MARKT und MITTELSTAND published by Axel Springer Financial Media (known as Axel Springer Finanzen Verlag until December 2008) provide timely, trustworthy reports on current developments, accompanied by extensive background information.

Print International
Internationally, Axel Springer publishes more than 140 newspapers and magazines in a total of 35 countries outside Germany, through its own subsidiaries and through licensing arrangements. These activities are focused on the fast-growing markets of Eastern Europe, in particular. In Western Europe, the company's publishing activities are focused on the countries of Switzerland, Spain, and France. AUTO BILD is the biggest international brand family. In 2008, the Print International segment accounted for 15.0 % of the Group's total revenues.

Axel Springer is represented in Poland with twelve magazines and four newspapers. The most important of these are FAKT, Poland's leading tabloid (including, as of September 2008, the international issues "FAKT for Great Britain" and "FAKT for Ireland"), as well as the premium newspaper DZIENNIK and the sports newspaper PRZEGLAD SPORTOWY. As for magazines, Axel Springer boasts publications such as NEWSWEEK and FORBES in Poland. With a market share approaching 45 % of national daily newspapers based on paid circulation, AS Polska is the biggest newspaper publisher in Poland.

In Hungary, Axel Springer publishes more than 30 magazines and ten daily newspapers. Measured by print advertising revenue, Axel Springer is the biggest publishing house in Hungary, with a market share of 19 %. Axel Springer is also the market leader in the categories of TV listings, women's magazines, auto magazines, and cooking magazines.

In Switzerland, Axel Springer publishes the business newspaper HANDELSZEITUNG and 13 magazines. It is the market leader in the categories of business and finance magazines and TV listings. The newspaper HANDELSZEITUNG and the business magazine BILANZ are among the most-read business publications in Switzerland. Through its publication BEOBACHTER, Axel Springer is very well positioned in the category of consumer advice magazines, and holds an excellent position in the TV listings category with its publications TV STAR and TELE.

In France, Axel Springer publishes four magazines of its own and one magazine through a joint venture. These publications fall within the categories of TV listings, women's and lifestyle magazines, and auto magazines, including the cooking magazine VIE PRATIQUE GOURMAND and the TV listings magazine TELEMAGAZINE.

In Spain, where the company publishes 16 magazines, Axel Springer is the market leader in the categories of video game and computer magazines. Furthermore, AUTO BILD ESPANA and AUTO BILD 4x4 are the leading publications in the category of auto magazines.

In Russia, Axel Springer publishes four magazines, including the business magazine FORBES and the computer magazine COMPUTER BILD.

In the Czech Republic, the company publishes seven magazines, including the titles SVET MOTORU and AUTO TIP, making Axel Springer the market leader in the category of auto magazines. In Romania, Axel Springer holds a 40 % interest in Edipresse AS Romania and publishes a total of 13 magazines.

Digital Media

The Digital Media segment comprises the company's online activities in Germany and abroad, as well as the activities and investments in the TV and radio sector. In the last few years, Axel Springer has built up this media portfolio by means of organic growth projects and acquisitions. In this segment, Axel Springer is pursuing three paths of expansion. First, the company is leveraging its brand management and content expertise by transferring its existing print brands and content to digital distribution paths and also by acquiring strong online brands. Second, Axel Springer is stepping up its activities in the area of traditional and success-based online marketing. And third, the company is strengthening its competitive position in the area of online classified ad markets and online marketplaces by expanding its own portals and investing in third-party portals. As a result of all these initiatives, Axel Springer has increased its overall reach dramatically in the last few years, up to an average of 19.3 million unique visitors per month (gross reach, ComScore). Thus, Axel Springer now holds a dominant competitive position in the market of digital offerings. The company's online properties occupy dominant positions in their respective categories as well. The Digital Media segment accounted for approximately 13.9 % of the Group's total revenues in 2008.

Brands and content

Bild.de received an average of 3.6 million unique visitors. With 62.9 million monthly visits and 747.4 million page impressions, Bild.de is the most-visited information and entertainment portal in the German web. With 16.7 million page impressions (December 2008), BILD-mobil advanced to the status of Germany's biggest mobile information portal. The video portal of Bild.de, which went online in 2008, quickly became one of the leading moving image platforms in Germany. With 3.1 million unique visitors, WELT ONLINE, the news portal of the WELT Group, is Germany's fastest-growing digital news portal by far and leads the group of German premium newspaper websites. In addition to those mentioned above, Axel Springer also operates websites linked to its magazines, such as computerbild.de, autobild.de and sportbild.de. Finally, the company's regional newspapers were successfully transposed to the digital realm with the websites of abendblatt.de, morgenpost.de, and bz-berlin.de.

The online and mobile presence of our strong print brands is supplemented by many new digital brands. For example, the website of auFeminin.com, which is represented in Germany by goFeminin.de, is the preferred choice for online information on the subject of fashion, beauty, and lifestyle. This offering is complemented by the health portal ONMEDA. The websites partyguide.ch, and usgang.ch provide useful information about leisure and party activities in Switzerland. And the student portals students.ch in Switzerland and students.pl in Poland provide all kinds of useful information for college students. In the sports category, transfermarkt.de is a leading platform for the soccer community. Through its websites finanzen.net and wallstreet: online, Axel Springer provides timely information on securities, real estate, and insurance products, as well as useful service tools. The website hamburg.de is the regional portal for the city of Hamburg. Through the online games provider Gamigo, moreover, Axel Springer is also active in the highly attractive, fast-growing online gaming market.

Marketing

In addition to traditional reach-based marketing, which like the marketing of print publications is conducted via Axel Springer Media Impact, Axel Springer is also active in the area of performance marketing through its majority interest in ZANOX.de AG, one of the leading providers of success-based online marketing services. The zanox subsidiary eprofessional helps companies optimize their online advertising campaigns by exploiting all available instruments.

Online classfied ad markets and marketplaces

In the online real estate market, Axel Springer is very well positioned with immonet.de, the No. 2 real estate exchange in Germany and the leading provider of cross-media real estate marketing services.

Through its investments in the parent company StepStone ASA, Oslo, and the German subsidiary StepStone Deutschland, Axel Springer holds stakes in one of the leading providers of online job exchanges and talent management software in Europe and in one of the leading online job exchanges in Germany.

Axel Springer holds a majority interest in idealo.de, one of the leading websites for price and product comparisons. Axel Springer also holds an investment in buecher.de, the online dealer of books, music, and movies.

Axel Springer's activities in the TV and radio sector are focused on highly promising markets. For example, Axel Springer holds a minority interest in Turkey's biggest TV and radio company, the Doğan TV Group. This TV station is the market leader in Turkey, in terms of both viewer market shares and advertising market shares. Furthermore, Axel Springer owns Schwartzkopff TV, a successful production company for TV entertainment formats. The company also holds investments in regional TV stations in the key markets of Hamburg and Berlin, as well as minority interests in some of Germany's most successful radio stations.

Services/Holding

The Services/Holding segment comprises the company's own newspaper printing plants, the investment in the rotogravure printing company PRINOVIS and the internal departments of Logistics, Distribution, Services and Holding Company. In 2008, the former Printing segment (consisting mainly of the company's own newspaper printing plants) was merged into the Services/ Holding segment. The Services/Holding segment contributed about 3.6 % of the Group's total revenues in 2008.

Processes

Axel Springer produces and distributes high-quality information and entertainment through different media outlets. Furthermore, the company is tapping new markets and target groups with its strong multimedia brands.

Content

Axel Springer is active in every stage of the value chain for the production and cross-media exploitation of editorial content. In the first step, the company's reporters and editors research the news and write the articles. The most important news items are immediately posted online. In the print media, moreover, the news stories are enriched with background material. In the online media, the articles are supplemented with other content such as moving images. In order to optimize the production of journalistic content for the various media, Axel Springer has created integrated newsrooms for the print, online, and moving image media of the BILD Group and the WELT Group/BERLINER MORGENPOST. All journalistic content for the various print and online media is produced on a consolidated basis in these editorial centers of competence. In some cases, content production is consolidated in the company's international operations as well. In Hungary, for example, the regional newspapers are supported by a central staff of reporters and editors.

Marketing

The business model of media companies relies on circulation revenues from single-unit sales and subscription sales, as well as advertising revenues. To this end, journalistic content is produced with the aim of reaching the demographic groups of interest to advertising customers, so as to offer them attractive ad placements. In the print titles, reach-based marketing essentially consists of placing advertisements of different formats alongside editorial content, in advertising supplements and in classified ads. In the digital media, a wide variety of advertising formats is available, including banners, layer ads, wallpaper, video and mobile formats. The marketing value chain is structured by brand and market segments.The brand-oriented departments prepare the standardized print and online content, as well as the cross-media content designed for specific customers, and the regional offices of the market-oriented departments market these products to customers and their agencies. In 2008, Axel Springer reorganized the marketing of its domestic newspapers, magazines, and brand-related digital media to make it even more customer-friendly. The newly created entity Axel Springer Media Impact is responsible for centrally marketing all the company's newspapers (BILD, BILD am SONNTAG, WELT Group and regional newspapers), as well as magazines and related digital media, in Germany. Axel Springer Media Impact is the leading marketer of print content and the biggest integrated marketing company in the German market, with a gross reach of about 78 million readers and Internet users. Compared with all media marketing companies in Germany, it currently ranks third, behind the two biggest TV marketing companies.

Printing

The newspaper production process is sub divided into the phases of plate production, printing, and post-press. The plate production department receives the data for the newspaper pages produced in the editorial departments and transfers it directly to the printing plates. In the newspaper rotation, the paper webs are printed and folded and then forwarded to the post-press department, where various product inputs and supplements are added and the newspapers are packed. From there, they are sent to the delivery logistics department. Axel Springer's German newspapers are produced in the company's three offset printing plants in Hamburg-Ahrensburg, Essen-Kettwig and Berlin-Spandau, among those in other locations.

Delivery

Axel Springer employs a sophisticated logistical and transport system to deliver the printed newspapers and magazines to approximately 121 thousand retail sales outlets, including newsstands, magazine shops, and discount stores. The company's print products are also distributed via wholesale press companies and press import companies in Eastern Europe. The digital media content is delivered to users by way of various electronic channels such as PCs, laptops, and cell phones.

Organization, management and supervision

Axel Springer AG is managed by a Management Board consisting of four members. In accordance with the dual management and control structure prescribed by law in Germany, the Management Board is appointed, supervised, and regularly advised by the Supervisory Board. The Supervisory Board of Axel Springer AG consists of nine members elected by the shareholders at the annual shareholders' meeting. The term of office of Supervisory Board members is five years; they can be re-elected at the end of their terms. The Chairman of the Supervisory Board is elected by its members. To enhance the efficiency of its work, the Supervisory Board has constituted four committees: the Executive Committee, the Personnel Committee, the Nominating Committee, and the Audit Committee.

In 2008, Axel Springer restructured its Management Board organization to better implement the company's multimedia strategy and to exploit market opportunities even more successfully in the future.

The former Management Board division for "Newspapers" was expanded to include the company's international business and renamed "Subscription Newspapers and International." This new division is responsible for the newspapers, websites, and mobile offerings of the WELT Group and the cross-media offerings of our regional newspapers, as well as the multimedia brands in fast-growing international markets. The new Management Board division "BILD Group and Magazines" is responsible for the cross-media offerings of the BILD family of brands and the company's magazines. This portfolio was further subdivided into four publishing groups: "BILD and BILD am SONNTAG," "Computer, Auto, and Sports," "Women and Lifestyle," and "TV Listings." As part of the restructuring, the subsidiary Axel Springer Verlag Vertriebsgesellschaft mbH was assigned to the Management Board division "BILD Group and Magazines."

Chairman Dr. Mathias Döpfner is responsible for the Management Board division "Subscription Newspapers and International" and for the corporate staff functions Information & Public Relations, Controlling, Mergers & Acquisitions, and Legal, as well as the staff departments Management Personnel, Security, Public Affairs, Axel Springer Customer Loyalty Reinforcement, and the Axel Springer Academy. Vice Chairman Rudolf Knepper is responsible for the Management Board division "Printing and Logistics," which covers the offset printing plants, logistics and services, and the company's investment in the rotogravure joint venture PRINOVIS. In addition, he oversees Corporate Purchasing and Personnel.

The Management Board division "BILD Group and Magazines" headed by Dr. Andreas Wiele covers the print publications and online activities of the BILD Group and the German-language magazines portfolio in the topic areas of "Auto," "Sports," "Women, Youth, and Music," "Computer and Entertainment Electronics," "Business and Finance" and, "TV listings." The Management Board division "Finance and Services" headed by Steffen Naumann is responsible for the corporate staff and service functions of Corporate Finance, Internal Audit, Axel Springer Services & Immobilien GmbH, IT, Insurance Sales, and Customer Service. As company-wide functions, the Corporate Organization & Development department and the Electronic Media management group report directly to the full Management Board. The division represented by Axel Springer Media Impact reports directly to the two Management Board members in charge of "Subscription Newspapers and International" and "BILD Group and Magazines."

Compensation of the Management Board and Supervisory Board

The compensation of the members of the Management Board and Supervisory Board of Axel Springer and the basic principles of the compensation system are described in detail in the Compensation Report on pages 82 f. The compensation report is an integral part of both the management report and the corporate governance report.

Strategy and success monitoring

Corporate values

Axel Springer's ongoing strategic and operational development is guided by its corporate values. These values represent the basis of our corporate culture and are applicable to every employee of the company. The three corporate values are:

– Creativity, as the indispensable prerequisite for success in journalism and business;

– Entrepreneurialism, as expressed by the ingenuity, individual responsibility, and goal-directed actions of the company's employees and managers;

– Integrity, in all dealings with the company, its readers, customers, employees, business partners, and shareholders.

Axel Springer's management principles are likewise derived from these corporate values. These principles concretize our values so they can be applied in our day-to-day activities.

Corporate Preamble

Axel Springer is the only media company to have a corporate constitution, known as the Corporate Preamble, which dates back to 1967. In accordance with the terms of this constitutive document, which are also anchored in the company's Articles of Incorporation, Axel Springer is bound by the following principles:

1. The unconditional support of liberty and the rule of law in Germany, as a member of the western community of nations, and of the efforts to unify the peoples of Europe;

2. Reconciliation between Jews and Germans; this also includes supporting the vital rights of the Israeli people;

3. Support of the trans-Atlantic alliance and solidarity with the United States of America and the values it shares with free nations;

4. Rejection of all forms of political totalitarianism;

5. Defense of a free social market economy.

Guidelines of Journalistic Independence

These guidelines concretize and broaden the scope of the journalistic principles set forth in the Code of Conduct of the German Press Council. The observance of these principles by the company's reporters and editors in their journalistic endeavors forms the basis for independent, critical journalism. The editors-in-chief are responsible for observing and implementing the guidelines in the company's day-to-day activities. The guidelines delineate the boundaries between advertising and editorial copy and between the editors' and reporters' private and business interests. They also preclude actions in pursuit of personal advantages and define the company's position with respect to the treatment of news sources.

The complete Preambles, the Guidelines of Journalistic Independence and the International Social Policy are available at the company's website at www.axelspringer.de.

For more information on the activities undertaken in 2008 in relation to the International Social Policy, please refer to the sustainability report on page 36.

Key elements of strategy and implementation

Axel Springer has set itself the goal of becoming Europe's best-integrated multimedia company. The company pursues a strategy that is based on three key elements: extending Axel Springer's market leadership position in the core business of German-language media, internationalization and digitization.

Axel Springer seeks to extend its market leadership position in the core business of German-language media by implementing creative journalistic products and introducing them successfully to the market.

The company also seeks to tap additional revenue potential by moving quickly to establish new multimedia offerings in the market, especially by further enhancing the company's cross-media capabilities. The BILD Group and the WELT Group produce their journalistic content in integrated newsrooms encompassing the print, online, and moving image media. The cross-media approaches taken in the production of editorial content and in sales and marketing give birth to media brands. As the logical next step of this process, Axel Springer consolidated the advertising business of all its national media properties within the central marketing entity Axel Springer Media Impact in 2008.

The company's internationalization efforts are focused in particular on the fast-growing markets of Eastern Europe. Depending on the situation in every regional market, Axel Springer either launches new titles, or acquires existing titles and either purchases or sells licenses in the core business of newspapers and magazines. In 2008, the company granted a total of seven licenses of the AUTO BILD Group in foreign countries. In the Czech Republic, the world's first licensed edition of AUTO BILD SPORTSCARS appeared in 2008, while licensed editions of AUTO BILD were launched in Georgia and Mexico. The magazine AUTO BILD 4x4 was published for the first time in the markets of Bulgaria, Serbia and Montenegro. In India, Axel Springer formed a joint venture with the India Today Group, one of the biggest publishing houses in the Indian sub-continent, to publish AUTO BILD for the Indian market. Edipresse AS Romania, the joint venture of Edipresse and Axel Springer, published the first-ever AUTO BILD edition for the Romanian market. In China, AUTO BILD published its first online edition (autobild.com.cn).

In addition, Axel Springer seeks to transfer its existing brands and concepts to the international markets. For example, two foreign editions of the Polish tabloid newspaper FAKT were launched in 2008: "FAKT for Great Britain" and "FAKT for Ireland." These publications are aimed at the Polish nationals living in those countries. In Poland, moreover, Axel Springer acquired the regional sports daily SPORT and launched the news and opinion portal redakcja.pl, thereby strengthening its online credentials in that country. In 2008, international revenues accounted for 21.9 % (PY: 20.8 %) of the Group's total revenues.

In its efforts to digitize its core business, Axel Springer focuses on its three core competencies of brands and brand content, marketing, and classified ads and marketplaces. To this end, Axel Springer transposes its existing print brands and content to digital distribution channels and also acquires successful brands and innovative business models.

Axel Springer acquired several companies and equity stakes in 2008. Having purchased the remaining 37 % of the equity in Bild.T-Online.de AG & Co. KG that had formerly been held by Deutsche Telekom AG, Axel Springer was able to systematically advance the implementation of the cross-media growth strategy for the BILD family of brands. All BILD content is now produced in a single, integrated newsroom. The company introduced a new 4242 service to successfully link the BILD print edition with the mobile information portal BILDmobil, thereby realizing an integrated, cross-media journalistic concept.

Also in 2008, the auFeminin.com subsidiary goFeminin.de GmbH upgraded its healthcare offering significantly by purchasing Germany's leading independent healthcare portal ONMEDA. As a result of this acquisition, goFeminin.de has become one of the leading providers of premium online healthcare information in Germany.

Axel Springer further expanded its line-up of online assets by purchasing additional companies and equity stakes. For example, Axel Springer acquired a majority interest in transfermarkt.de, the leading soccer portal in the German-language Internet, as well as a majority interest in gamigo.de, the online games providers and operator. In Switzerland, Axel Springer extended its digital presence by acquiring partyguide.ch and usgang.ch, the leading leisure portals in that country, and consolidating them within the Amiado Group, along with the web portal students.ch. As a result, Axel Springer has risen to the status of online market leader in the age group of 18–34 year-olds in Switzerland.

By acquiring a 33.3 % interest in the international online job exchange StepStone ASA, Oslo, Axel Springer successfully established a European-level presence in the attractive market of online job exchanges and secured an equity stake in one of the leading international providers of human capital management software and services.

At the end of 2008, finally, Axel Springer entered into a share purchase agreement with Doğan Yayin Holding A.S., one of the leading media companies in Turkey. Among other holdings, this company holds majority interests in the newspapers Hürriyet, Milliyet, and Posta, and in the Doğan TV Group, of which Axel Springer is also a direct shareholder.

Market research and new developments

Axel Springer continually refines its concepts for the presentation of information and entertainment. In this regard, the company pursues the goal of introducing new media products to the market or improving its existing media products. To assess the market potential of such new products, Axel Springer conducts intensive market research. Acting on the basis of this analysis, the company upgraded and overhauled the media properties comprised within its portfolio last year.

As a natural consequence of the company's digitization and growth strategy, the importance of information technology is constantly growing, especially when it comes to establishing new business models or expanding the company's existing business models. With this in mind, Axel Springer continually launches new innovation projects with the goal of recognizing and taking full advantage of relevant technology trends at an early stage. Most particularly in the Digital Media segment, research and development is an integral part of the operating business. These activities are aimed at systematically further developing the company's media products and applications and adapting the company's offerings and the underlying technologies to reflect the new technological trends and new business models arising as a result of these trends.

Value-driven management

The business strategy of Axel Springer and the three core elements of that strategy serve the overriding goal of ensuring profitable, long-term growth and permanently increasing the company's value. The company's controlling system has been designed on the basis of these goals. By tracking the development of financial and non-financial performance indicators, Axel Springer closely monitors the implementation of the Group's business strategy.

Non-financial performance indicators

The non-financial performance indicators make it possible to measure the success of Axel Springer's work in the areas of customers, offerings, processes, employees, and sustainability. Though not reflected in the company's income statement, these indicators are nonetheless key drivers of Axel Springer's value-driven development. They provide an early indication of whether strategic measures are producing the desired effects, making it possible to quickly initiate appropriate countermeasures when necessary. Furthermore, the non-financial performance indicators are seen as a kind of leading indicator for the development of the financial performance indicators, as the former will eventually be reflected in the latter.

In the category of non-financial performance indicators pertaining to customers, markets, and products, the following are particularly important:

– Paid circulation and reach – meaning the number of readers reached – of print media and the corresponding competitive position;

– Unique visitors, visits, and page impressions for online media and the market positions measured herewith;

– The reach of the company's media in the advertising market and indicators of brand and advertisement familiarity generated through market research.

Axel Springer AG has also set itself the goal of becoming Europe's most customer-friendly media company by the year 2010. To this end, the company launched an extensive company-wide program in 2006 to improve customer retention. In 2007, a differentiated measurement and evaluation system, known as the customer retention index, was developed for this purpose. All areas of the company, from circulation and advertising to printing and business administration, as well as editorial functions, are covered by this process. In the subsequent months, the measures adopted on the basis of the first measurement were implemented in all areas of the company. The follow-up measurement conducted at the end of 2007/ beginning of 2008 showed a significant increase of two index points. The data is collected and analyzed by TNS-Infratest. Based on these results, action plans and measures were developed and implemented in all participating areas again in 2008.

Axel Springer employs the same techniques to measure the quality of internal cooperation and service orientation, with the goal of identifying and promoting efficient procedures in the company. The results of this analysis reveal new ways of improving the company's internal service quality. These results are aggregated to form an internal customer retention index. By measuring the external and internal customer retention and the effectiveness of the measures taken to those ends every year, Axel Springer has established a continuous improvement process, as a valuable contribution to the long-term enhancement of the company's profitability.

Axel Springer also counts ecological and social performance indicators among its non-financial indicators. For this purpose, the company relies on the sustainability criteria of the Global Reporting Initiative (GRI). The ecological efficiency indicators tracked by Axel Springer include the quantity of wastewater, solid waste, climate-affecting emissions, and energy consumption, among other things. Axel Springer improved many of these ecological indicators in 2008, in some cases quite substantially.

Financial performance indicators

The key performance indicators used by Axel Springer on the level of the overall company and the individual segments are:

– Revenues, as the sum of circulation, advertising, and other revenues;

– Earnings before interest, taxes, depreciation, and amortization of goodwill (EBITDA), and the corresponding EBITDA margin;

– Earnings before interest, taxes, and amortization of goodwill (EBITA), and the corresponding EBITA margin.

These indicators are anchored in the companywide planning and controlling system and form the basis for the performance-oriented compensation of the Management Board, the Supervisory Board and managers, as well as the profit-sharing program for all permanent employees of the company (see page 34). Since the beginning of 2008, the company has principally applied EBITDA as the relevant performance indicator for the capital markets.

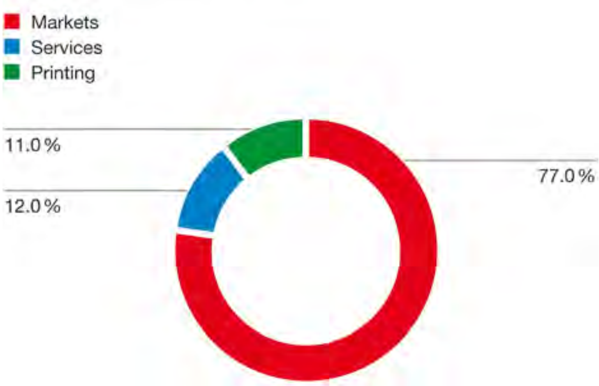
A capitalized value method based on weighted capital costs is employed to assess the profitability of capital investments in new or existing business lines. The weighted average capital costs are determined on the basis of a target capital structure. The risk of a capital investment project is generally represented by means of a capital markets equilibrium model, applying a beta factor (for the business-specific, systemic risk) and a market premium (for the country-specific, non-systemic market risk). As a basic rule, it is assumed that the company's systemic risk is equivalent, on average, to that of comparable companies. This peer group consists of European media companies. In addition, specific risks are reflected in the weighted average capital costs, which are updated every year.

Employees

Axel Springer AG understands that creative, skilled, and dedicated employees are an essential prerequisite for success in business. For this reason, an active and responsible personnel development policy, with a strong emphasis on training and continuing education, is understood to be a necessary investment in the company's future success.

Excluding apprentices and journalism students / interns, Axel Springer had an average of 10,666 employees in 2008 (PY: 10,348). The total workforce increased over the previous year primarily as a result of the new digital media acquisitions and start-ups in Germany and abroad.

Employees by Departments



Of the company's total workforce, 8,214 employees worked in the market-oriented departments (PY: 7,783), 1,277 in the service departments (PY: 1,335), and 1,175 in technical areas (PY: 1,230). The number of reporters and editors increased by 37 over the previous year to 3,566, mainly in connection with the activities in Switzerland and Poland, while the number of salaried employees increased by a total of 341 to 6,112, due to the acquisitions and expanded activities in the Digital Media segment. At December 31, 2008, the average length of service with Axel Springer was 12.3 years (PY: 12.5); and 47.0 % (PY: 48,1) of the total workforce have been working with the company for more than ten years. The average yearly percentage of the total workforce represented by severely disabled employees in the German companies in 2008 was 4.34 % (PY: 4.61 %). Thus, the relevant requirements of the Severely Disabled Persons Act in Germany were mainly fulfilled again in 2008.

At € 722.5 million, the personnel expenses for 2008 were 2.9 % higher than the corresponding figure for the previous year (PY: € 701.9 million). This increase mainly reflected the higher number of employees resulting from acquisitions and investments. The linear collective pay increases for 2008 ranged from 1.8 % to 2.4 %, depending on the group of employees, and took effect as of July 1 / August 1, or October 1, 2008. With respect to the newspaper and magazine reporters and editors, three so-called "nil months" were agreed, coupled with a one-time payment in December. Also, the collective wage agreements for the reporters and editors were concluded for a term of 24 months (August 1, 2008 to July 31, 2010). These agreements stipulate an additional linear wage increase of 1.6 % as of October 1, 2009.

Continuing education

In 2008, the continuing education program featured courses related to digitization, internationalization, and communication. In the training courses related to digitization, particular emphasis was given to "cross-media" qualifications. The "on-boarding" program, which provides orientation to new employees of Axel Springer, was continued in 2008. Furthermore, employees were given the chance to participate in a work-concurrent continuing education program culminating in the certification of "online marketing specialist." The continuing education courses related to internationalization were focused on language courses and intercultural skills. Also, Axel Springer continued to support the employee wellness program in 2008, as an integral part of the company's personnel policy. The program for 2008 featured a variety of activities related to nutrition and exercise, and was accompanied by the motto "On your marks … get set … get fit!"

Recruiting and promoting key talents

As in the preceding year, Axel Springer further intensified its activities related to college graduate marketing, according to the slogan "The best go to Axel Springer!" The trainee program for young talented individuals was devoted to building not only the necessary professional and methodological skills, but also their people skills and networking abilities, especially in the journalistic departments. At Axel Springer, the promotion of young talent begins with the internship programs for college students. Top interns are retained by way of follow-up internships and master's degree thesis projects and then invited to join the trainee program upon graduation. In addition, Axel Springer AG supports highly talented young apprentices with stipends for college study. An important accomplishment in 2008 was the comprehensive relaunch of the career page of the company's website www.axelspringer.de. Moreover, Axel Springer continued to participate in university job fairs in 2008. For example, we supported student initiatives and cooperated with universities and professorships such as the European School of Management and Technology in Berlin, the Hamburg Media School, and other universities.

Manager development programs

In its personnel policy activities, the company focused on the development of experts and managers in 2008. In August 2008, Axel Springer adopted a set of management principles (www.axelspringer.de). As a concretization of the company's three corporate values, the management principles clearly specify the requirements and expectations according to which managers will be judged. To firmly instill these management principles in every manager, numerous mandatory seminars were added to the continuing education and coaching program. Furthermore, a new general concept of management training was developed around these principles. The three-tiered program, which is organized according to experience and skills, is meant for talented young newcomers and experienced managers alike.

In 2008, Axel Springer instituted an employee development process known as the "development dialog." This management instrument is designed to develop the company's employees in a targeted manner, according to their specific needs, in the context of the strategic goals of the company and its divisions. The development dialog is a structured, personalized meeting that takes place every year between employees and their manager. Based on the results of this meeting, concrete development measures are formulated for the employee in question.

Equal opportunity

In addition to the emergency day care services and elderly care support it was already providing, Axel Springer opened a day care center for its employees in Berlin in April 2008. Located in close proximity to the workplace, the "Wolkenzwerge" day care facility provides ample space for fun and games and creative learning. By means of this program, Axel Springer actively supports the goal of helping parents balance work and family.

Performance incentives

All permanent employees of Axel Springer benefit directly from the company's profitability, in that they receive a profit-sharing bonus of € 200 for every percentage point by which EBITA exceeds 10 % of revenues. The financial performance incentives offered to managers are likewise tied to the company's success, as well as the achievement of individually agreed goals. Under the company's idea management program, moreover, employees who develop proposals to enhance profitability, work safety, environmental protection, and technical progress are rewarded with prizes. The number of such proposals jumped from 994 in 2007 to 1,632 in 2008; of this number, 671 (PY: 444) were implemented in 2008, resulting in cost savings of € 1.0 million (PY: € 0.9 million). In exchange, Axel Springer paid out bonuses of € 277 thousand (PY: 155 thousand) to the corresponding employees.

Company pension plan

Axel Springer's employees are entitled to participate in the forward-looking company pension plan known as the "VarioRente," which is based on income conversion. By this means, Axel Springer is facilitating the transition from a pay-as-you-go pension system to a fully funded pension system. The VarioRente program has been very well received by employees: The average participation rate in 2008 was 36 %, the same as in 2007.

Sustainability report

Axel Springer firmly believes in being committed to social responsibility. That commitment extends to sustainable business practices, compliance with social and ecological standards, corporate responsibility, and an international social policy. To implement these principles, the company maintains an active sustainability management program. A key element of this program involves the periodic EC eco-audits of the company's printing plants. Axel Springer voluntarily undergoes external audits of its organizational environmental protection measures.

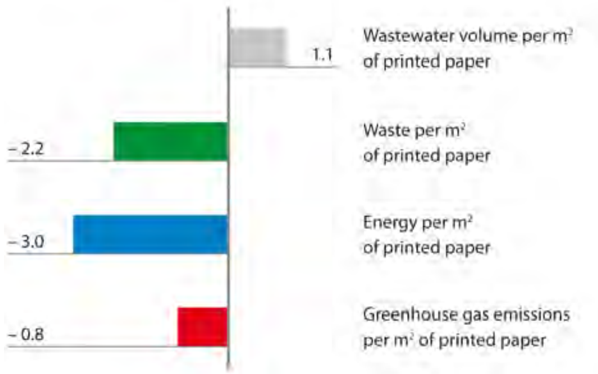
Another key element of the company's active sustainability management program is transparent reporting. In 2008, Axel Springer was the world's first media company to publish a Sustainability Report that meets the "LEVEL A+" requirements of the Global Reporting Initiative (GRI). This report is based on the internationally recognized guidelines for voluntary reporting on the basis of economic, social, and ecological performance criteria. To meet these requirements, the reporting entity must make voluntary disclosures regarding a total of 121 performance criteria and have that information certified by an independent auditor. The fact that Axel Springer's report meets the highest "LEVEL A+" quality standards underscores the company's commitment to sustainability and corporate responsibility.

Axel Springer also received the "German Sustainability Award 2008." In particular, the company was singled out for the high sustainability standards of its purchasing operations, as evidenced by the high percentage of certified raw materials sources and the local auditing of suppliers. In the international sustainability rankings of oekom research, moreover, Axel Springer achieved third place behind the British TV station ITV and the British scientific publisher Reed Elsevier. In this study, the corporate responsibility of the participating companies was evaluated with reference to the activities of the world's 24 biggest media companies.

Axel Springer improved the specific environmental performance indicators of its printing plants in Germany and Hungary in 2008, with the exception of wastewater. The volume of wastewater per square meter of printed paper that was released into the public drainage system was 1.1 % higher than in the year 2007. This increase can be attributed in part to changes in the officially prescribed measurement methods (Essen-Kettwig), and also in part to the heightened cooling needs in the hot summer months (Berlin-Spandau). The careful use of resources led to a 2.2 % reduction in the solid waste produced per square meter of printed paper. This positive result was achieved in part by the improved recycling of used cleaning agents (Essen-Kettwig). The 3.0 % reduction in the energy consumption per square meter of printed paper in the printing plants since 2007 was caused in part by the use of a new generation of single-drive printing presses, and by the introduction of an energy management program for all kinds of energy, to optimize the company's processes.

Environmental Indicators of the Printing Plants

% change from previous year



The printing plants lowered the direct and indirect greenhouse gas emissions per square meter of printed paper by means of a 0.8 % reduction in the energy consumption per square meter of printed paper. The direct, climate-affecting greenhouse gas emissions result from the combustion of natural gas in the company's printing plants and the indirect CO_2 emissions result from the generation and delivery of purchased electricity and the externally purchased district heating for the operating locations of Axel Springer.

As a natural consequence of Axel Springer's international business growth, the international subsidiaries were more closely integrated into the Group-wide sustainability management program in 2008. A Sustainability Officer was appointed in Poland and greater emphasis was placed on the optimization of sustainability performance indicators at Axel Springer's printing plants in Hungary.

Axel Springer selects its paper suppliers according to the criteria of product quality, reliability of supply, and appropriate prices. The program aimed at optimizing social and ecological standards throughout the wood and paper chain was further developed in 2008. In this regard, particular emphasis was placed on the planning and preparations for new products that will be concretized in 2009. About half of the printing paper used by Axel Springer contains recycled paper. In 2008, the Axel Springer Group purchased about 500 thousand tons of printing paper from roughly 50 papermaking factories in about 15 countries.

In 2008, Axel Springer supplied data about its own greenhouse gas emissions (CO_2 equivalents) to be used in the German report of the Carbon Disclosure Project (CDP). The Carbon Disclosure Project is the world's largest joint project of institutional investors devoted to measuring the economic impact of climate change. Furthermore, Axel Springer joined the "Business & Biodiversity" initiative, which was founded in 2008. In a joint statement, the member companies from a wide range of industries around the world undertook, among other things, to analyze the impact of their activities on biological diversity and adapt their environmental management programs accordingly.

International Social Policy

As a consequence of the company's growing international presence, Axel Springer has developed a code of social standards. These standards define the company's position on matters of human rights, the legal enforceability of contracts, the protection of children and young people, the treatment of employees, health, and safety and the compatibility of work and family, among other things. These standards are binding on all the company's activities everywhere in the world. To implement the standards, Axel Springer focused initially on exchanging information with and raising the awareness of business partners in non-OECD countries. To this end, the company again paid visits to forestry enterprises in Russia and to suppliers of promotional materials in China in 2008.

Initiatives

Again in 2008, the newspapers and magazines of Axel Springer continued their support for sustainable development causes by engaging in numerous initiatives aimed at providing information about, and raising awareness for, social and ecological problems. In time for its 30th anniversary, the aid organization "Ein Herz für Kinder" ("A Heart for Children") raised donations of € 15.1 million, a new record. Since it was founded, the aid organization has raised more than € 100 million to assist needy children in Germany and around the world. Every cent donated goes directly to needy children, without any deductions.

Business development and performance

General economic conditions

Overall, the economic environment developed unfavorably in 2008. The economic development in our primary sales markets was impacted by the effects of the financial market crisis, in particular in the second half of the year. As a result of the worsened economic perspectives, the willingness of companies to invest in advertising decreased. This led to overall declining advertising revenues with respect to print titles and a significant slowdown in the growth of online advertising.

General economic environment

In 2008, the international financial market crisis – limited to the subprime segment of the US real estate market in 2007 – expanded to the entire capital market. The consequence was serious price losses, above all on stock markets, so that banks had to recognize sizeable impairments on their portfolios.

The fundamental remeasurement of the costs of liquidity and risk on the part of banks and continuing deep mistrust in the capital markets have significantly worsened the financing conditions for companies and increased the cost of loans.

The financial market crisis also jumped over to the global economy quicker than expected owing to the worsened conditions for financing for companies and private households. In the United States, the collapse of private consumer spending precipitated a considerable weakening of the economy in the second half of the year. Expenditures for durable consumer goods were severely limited and companies scaled back their capital expenditures. The cooling of the global economic climate affected not only the major economic regions in North America, Western Europe, and Asia, but also Central and Eastern Europe, Russia, and Latin America.

In Germany, the economy moved toward a recession in 2008. Average annual gross domestic product (GDP) adjusted for prices in 2008 grew by 1.3 % according to calculations by the Federal Statistical Office of Germany, but the economy was already shrinking in the fourth quarter. As a result of sharply declining exports, net exports were negative (– 0.3 %) and broke down as an engine of growth for the first time in years. Only the domestic economy provided growth impulses that can be attributed above all to capital expenditures and government spending. Despite the slowing momentum of price increases in the second half of the year, the rate of inflation rose by 2.6 %, essentially driven by higher energy and food prices. Disposable income increased year-on-year by 2.5 % in light of the sustained job market recovery and wage increases. Nevertheless, the consumer climate cooled in the fourth quarter according to information from the Gesellschaft für Konsumforschung (GfK).

In the foreign markets in which Axel Springer operates, economic growth in 2008 was carried mainly by domestic demand. The economy grew in the Eastern European member states of the EU on average by 4.6 % in real terms. The Polish economy generated real economic growth of 5.4 %, above all thanks to a significant revitalization of consumer spending. The economy of the Czech Republic grew by 4.4 % adjusted for inflation. In Russia, the rate of growth was 6.3 %. In contrast, Hungary lagged considerably behind the otherwise dynamically growing Eastern European economies with a real growth rate of 1.5 %.

In Western Europe, the real economic effects of the financial market crisis were felt in widely varying degrees. The economic growth in Switzerland reached a high plus of 1.9 % compared to other industrial nations. In contrast, Spain, with a growth rate of 1.3 %, was confronted with a considerably weakened economic dynamic. Economic development in France was even weaker with a growth rate of 0.9 %.

Industry environment

In the German press distribution market, it was possible to slightly stabilize demand at the end of 2008, but the sales figures declined further overall for the year. The total paid circulation of newspapers and magazines fell year-on-year by 3.3 %. However, owing to the price increases realized in 2008, the circulation revenues were only down 1.6 % year-on-year.

Circulation and Circulation Revenues

% change from previous year

1) Internal calculations based on circulation numbers reported to IVW and research copy and subscription prices

- Circulation revenues in Germany
- Circulation revenues in Germany
- Total circulation of newspapers/magazines in Germany

The **total advertising market** (excluding media advertising; including classic online advertising excluding search term marketing and affiliates) increased by 2.9 % to € 19.0 billion (Nielsen Media Research). Gross ad revenues of the print media (excluding classified ads, supplements, and media advertising) decreased by 1.0 % to € 7.3 billion. The economically crucial development of net revenues continued to be unfavorable owing to unabated pressure on the net terms.

Overall, from the 375 **daily and Sunday newspapers** tracked by the IVW (Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern e.V.) in 2008, about 23.7 million copies were sold per issue – a decrease of 2.3 %. Single-unit sales (– 5.4 %) declined considerably more than subscriptions (– 1.8 %). Demand in the daily and Sunday newspaper segment with the press distribution market fell, weighted according to the respective frequency of publication, by 2.7 % Gross ad revenues (excluding classified ads, supplements, and media advertising) of the daily and Sunday newspapers declined slightly by 0.1 % to € 3.8 billion.

In particular, the industries trade and shipping, services, beverages, tourism, and personal care products were responsible for the growth in gross advertising investments in the newspapers. Growth drivers were above all the grocery discounters who once again considerably increased their advertising expenditures. In contrast, the advertising expenditures of the finance, telecommunications, textiles and clothing, automobile, photography and optics, and computer industries, among others, were sharply reduced. In 2008, the net ad volumes of the regional subscription newspapers, including classified ads, were – 3.5 % lower year-on-year. The development within the classified ads was mostly declining. Only the family ads show a slightly positive trend, while the real estate, job, auto, travel, and event ads were lower year-on-year.

Development in the category of **general-interest magazines** was impacted by the increasing irregularity of purchasing patterns. Sales-promoting measures such as including CDs or DVDs led mostly only to very short-term increases in circulation. Overall, with an average total sales of 116.2 million copies per issue, including the membership and club magazines, the sales were down – 2.2 % year-on-year. In particular, subscriptions (– 3.7 %) and single-unit sales (– 2.9 %) suffered losses in circulation. Weighted by the respective frequency of publication, demand in the general-interest magazines category fell by 5.5 %.

At € 3.1 billion, gross ad revenues (excluding media advertising) with respect to magazines were 2.0 % lower year-on-year. In particular, business magazines (– 12.0 %), lifestyle magazines (– 11.2 %), IT/telecommunications magazines (– 5.9 %), TV listings (– 5.7 %), auto magazines (– 5.1 %), and illustrated current interest magazines (– 4.6 %) were affected by the declines in advertising revenues. In contrast, sports magazines (+ 2.3 %), weekly women's magazines (+ 9.6 %), and monthly women's magazines (+ 8.0 %) generated growth in revenues.

The development of net advertising expenditures on the newspapers and magazines (including classifieds) in the **international markets** in which Axel Springer is represented with its own **print activities** varied widely according to the forecast by ZenithOptimedia in 2008. In Poland (excluding classifieds), advertising revenues of newspapers declined slightly by 0.2 %, whereas those of magazines rose by 3.4 %. In Hungary, the advertising revenues increased 4.7 % year-on-year for newspapers and 5.0 % for magazines. In Switzerland, it was possible to maintain advertising revenues at the previous year's level, while magazines lost 1.9 % of the advertising expenditures. In Spain, the economic crisis was highly apparent; advertising revenues for magazines fell by 8.8 %. In France, the decline in advertising revenues for magazines was less extreme at 4.3 %. In contrast, advertising revenues for print media increased significantly by 18.6 % in Russia. In the Czech Republic, magazines recorded an increase of 1.2 % in advertising revenues.

In the online market in Germany (classic banner advertising excluding search term marketing and affiliates) and, gross advertising revenues (excluding media advertising) increased by 28.2 % to € 1.4 billion according to Nielsen Media Research. The classic online banner formats were used primarily by the service, financial, telecommunications, trade, and shipping as well as automotive industries. Despite the still high rate of growth, the dynamic of online advertising slowed compared to previous years. This trend was clearly evidenced by the net advertising expenditures (including search term marketing, which experienced growth of 5.2 % in 2008, according to the estimate of ZenithOptimedia).

Advertising-financed television in Germany recorded an increase in gross revenues of 3.5 % to 8.5 billion (excluding media advertising) according to information provided by Nielsen Media Research. Private sector TV programs were able to expand their gross advertising revenues by 3.6 % to € 8.1 billion, while public sector TV stations expanded theirs by 1.4 % to € 381.4 million. The net advertising volume in the Turkish TV advertising market increased by 2.6 % to TRY 1.7 billion (calculations of Doğan Yayin Holding).

In the German radio market, gross advertising revenues (excluding media advertising) fell by 1.4 % to € 1.1 billion. Whereas the public sector radio stations achieved an increase of 2.1 % in gross advertising expenditures, the advertising revenues of private programs declined by 2.5 %.

Business development and performance - Group

Business development

The increasing digital and international orientation of Axel Springer's business model had a positive effect in 2008 – amid an increasingly difficult market environment. Thanks to strong growth in the international business and in digital media, consolidated revenues were up 5.8 % – as a result of acquisitions, among other things. It was possible to more than compensate market-related decreases in revenues with respect to domestic newspapers and magazines.

The sharp economic downturn impacted above all the advertising revenues of print media. With respect to the circulation revenues, overall declining paid circulation as a result of price increases at various media was overcompensated.

In 2008, Axel Springer once again made important progress in its goal of becoming Europe's best-integrated multimedia company. We have consistently pursued our strategy with the three cornerstones of market leadership in the German core business, internationalization, and digitalization in the difficult market environment.

The cross-media orientation of the BILD family by combining the editorial departments of BILD and BILD am SONNTAG, as well as the online media, in an integrated newsroom for print, online, mobile, and moving image content in Berlin was an important measure in the German core business. The Management Board divisions restructured on the publishing side (see page 28) support the implementation of the cross-medial strategy as well as the creation of a central cross-media marketing unit for domestic print and online offers (see page 30 f).

In the segments Print International and Digital Media, the focus was on consolidating the portfolio after the substantial acquisitions in the previous year. The acquired operations and equity investments were successfully linked with Axel Springer's media and further developed strategically. These include in particular the Swiss publisher Jean Frey AG (now Axel Springer Schweiz AG) as well as the service provider for the success-based online marketer zanox.de and the European Internet portal for women, auFeminin.com, in which Axel Springer is the controlling shareholder.

We have conducted a series of smaller acquisitions as targeted supplements to the Digital Media segment portfolio. We acquired the remaining shares in Bild.de already at the beginning of the year. We strengthened the market position of goFeminin, the German auFeminin subsidiary, with the acquisition of the health portal ONMEDA. Furthermore, we took over the Swiss leisure and party portals, partyguide.ch and usgang.ch, combining both portals together with the Swiss student portal, students.ch, under the umbrella of the Amiado Group. With the online offerings of the Amiado Group, Axel Springer immediately became the market leader in the age group 18- to 34-year-old users in Switzerland and created a strong, purely digital pillar in the Swiss market in addition to the print portfolio. Axel Springer topped off the share in the online gaming portal, gamigo.de, invested in the soccer community portal, transfermarkt.de, and contractually initiated the acquisition of an approximately 10 % equity interest in Doğan Yayin Holding. The Turkish media holding company commands an excellent position in an attractive growth market. We made a roughly 33.3 % investment in StepStone ASA in Oslo, one of the leading international providers of talent management software and services, thereby gaining access to the attractive European market of online job markets. In January 2008, Axel Springer AG sold the direct investment in ProSiebenSat.1 Media AG to Lavena Holding 5 GmbH, Munich, in accordance with the share purchase agreement dated December 2007.

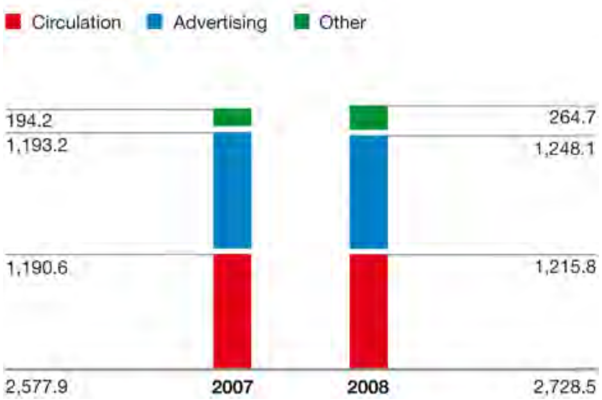
On January 25, 2008, insolvency proceedings were opened on the assets of the parent company of the PIN Group. At this point in time, the assets and liabilities reported in the previous year's financial statements as available for sale were deconsolidated in equity without affecting income.

Financial performance

Axel Springer increased revenues in the 2008 fiscal year by 5.8 % to € 2,728.5 million (PY: € 2,577.9 million). The companies acquired in 2007, among them zanox.de and auFeminin.com, made important contributions to revenues. Adjusted for consolidation effects, revenues increased from € 2,555.4 million by 1.2 % to € 2,585.1 million.

Revenues

in € millions

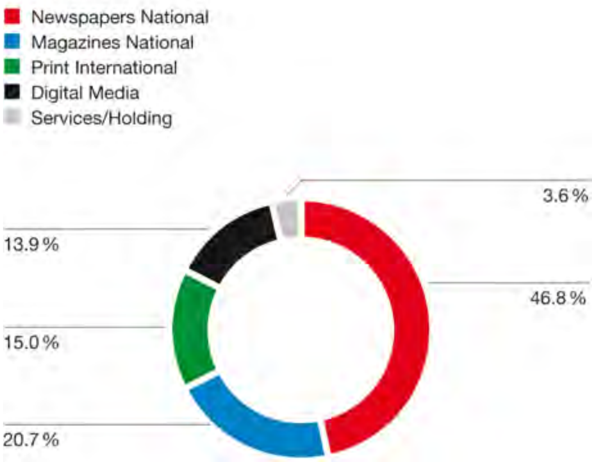


At € 1,215.8 million, circulation revenues were up by 2.1 % (PY: € 1,190.6 million) and thus contributed 44.6 % (PY: 46.2 %) to total revenues. In particular, copy price increases contributed to the increase in circulation revenues, thereby more than overcompensating revenues lost as a result of overall declining circulation. The circulation revenues of the newspapers published in Germany, as well as the print titles published internationally, exceeded those of the previous year, while a slight decrease was recorded by magazines nationally. Adjusted for consolidation effects, circulation revenues increased 1.8 % to € 1201.0 million (PY: € 1,179.3 million).

The advertising revenues of all Axel Springer media exceeded the previous year's amount (€ 1,193.2 million) by 4.6 % and totaled € 1,248.1 million, thereby achieving a 45.7 % share of total revenues (PY: 46.3 %). In contrast to the significant decreases at domestic newspapers and magazines, advertising revenues in the Print International segment increased slightly. The Digital Media segment increased revenues significantly. Adjusted for consolidation effects, advertising revenues declined by 2.6 % to € 1,153.4 million (PY: € 1,183.6 million).

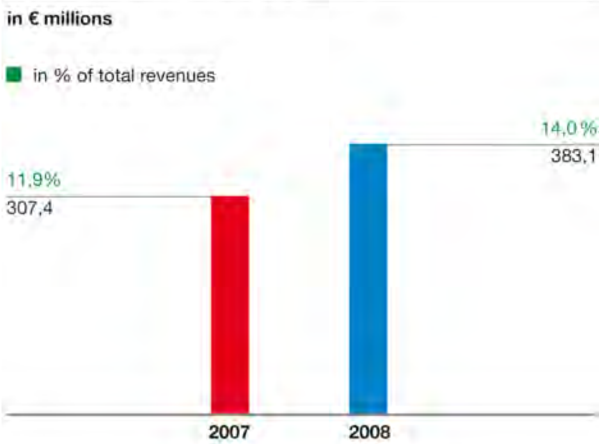
The **other revenues** increased considerably by 36.3 % to € 264.7 million after € 194.2 million in 2007, and thus contributed significantly to the increase in consolidated revenues. The most important catalyst was the inclusion of eprofessional.de, a subsidiary of zanox.de, for the entire year. Organic growth was also significant; adjusted for consolidation effects, it increased 19.8 % to € 230.6 million (PY: € 192.5 million).

Segment Revenues 2008



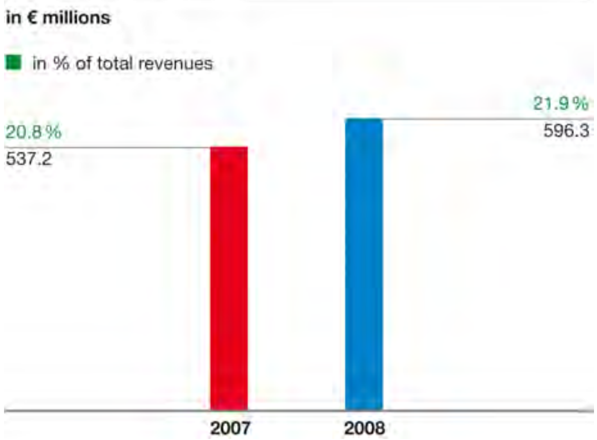
Revenues in the Newspapers National and Magazines National segments fell short of the previous year's amounts. Nevertheless, the publications published in Germany, with a share of 67.5 % (PY: 72.9 %), remained by far the most important revenue drivers in the Group. We achieved stable revenue development with the international print titles. Digital Media segment revenues climbed by more than 81.7 % and contributed significantly to the Group's revenue growth. Its share in consolidated revenues increased from 8.1 % to 13.9 %; adjusted for consolidation effects, it grew by 26.1 %. The Digital Media segments pro forma revenues represented a 14.0 % share of consolidated revenues.

Pro Forma Revenues Digital Media



International revenues grew mainly by including the corresponding share of revenues of zanox.de and auFeminin.com, as well as through consolidation effects in Switzerland by 11.1 % to € 596.8 million (PY: € 537.2 million). Thus, Axel Springer generated 21.9 % (PY: 20.8 %) of consolidated revenues internationally.

International Revenues



The **total expenses** included in earnings before interest, taxes, depreciation, and amortization (EBITDA) increased by 4.2 % to € 2,365.2 million (PY: € 2,269.1 million) mainly as a result of the acquired operations and the business growth in the Digital Media segment.

Above all because zanox.de, whose success-based business model entails high material intensity, was included for the entire year, the cost of purchased goods and services at € 945.4 million rose 7.1 % year-on-year (PY: € 882.8 million).

Personnel expenses amounted to € 722.5 million (PY: € 701.9 million). The increase can be attributed to the business acquisitions and the growth initiatives in the existing business that resulted overall in an increase in the average number of employees from 10,348 to 10,666 (see page 34).

At € 112.1 million, depreciation, amortization, and impairments were considerably higher than in 2007 (€ 74.2 million). The crucial factor for the increase was above all the effects of purchase price allocations, which included € 25.7 million in impairments to intangible assets (rights to titles) were recognized over the course of 2008 in the Magazines National segment.

The other operating expenses in the amount of € 697.3 million exceeded the amount in 2007 (€ 684.4 million) by 1.9 %, mainly because of the newly acquired operations and the growth initiatives in the online segment.

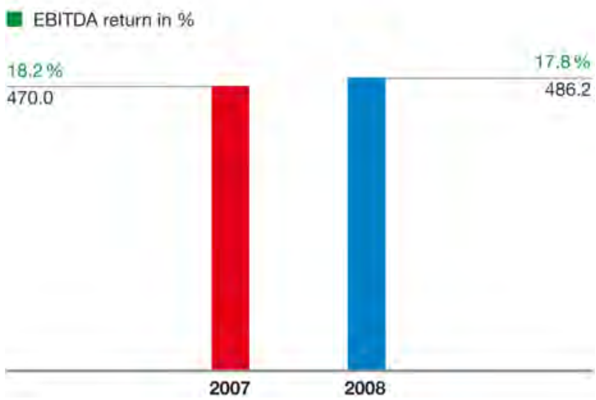
Net investment income increased year-on-year to € 407.8 million (PY: 76.3 million) mainly owing to the € 438.3 million gain from the sale of the shares in ProSiebenSat.1 Media AG. This was offset by a € 60.0 million impairment recognized on shares in the rotogravure company PRINOVIS. Adjusted for these non-recurring effects, net investment income amounted to € 29.5 million (PY: € 76.3 million). This decrease in the net investment income resulted from the non-recurrence of the dividend from the investment in ProSiebenSat.1 Media AG, which has since been sold (€ 23.1 million), and from exchange rate differences of € – 21.9 million in the investment income of Doğan TV. Net investment income for 2008 includes pro rata restructuring expenses attributable to the rotogravure company PRINOVIS amounting to € 5.1 million (PY: € 4.8 million) to shut down the printing plant in Darmstadt at the end of 2008.

The reduction in net financial income/expenses to € – 61.5 million (PY: € – 46.4 million) can be attributed above all to an expense in the amount of € 27.8 million (PY: € 16.0 million) arising from the fair value measurement of call options on the acquisition of shares in Axel Springer AG granted to shareholders H&F Rose Partners, L.P. and H&F International Rose Partners, L.P. In addition, we drew down a greater than average amount of our credit line in the reporting period as a result of significant acquisitions of new operations in the middle of 2007.

Axel Springer's income tax expense was € 117.2 million (PY: 90.3 million). The previous year's amount included a one-time only amount of € 43.1 million arising from the adjustment of deferred tax liabilities related to the business tax reform 2008. The reduction in corporate taxes in Germany from around 40 % to around 30 % reduced our tax expense.

EBITDA

in € millions



Axel Springer generated earnings before interest, taxes, depreciation, and amortization (EBITDA) adjusted for non-recurring effects and the effects of purchase price allocation in the amount of € 486.2 million. The EBITDA increased year-on-year by 3.4 % (2007: € 470.0 million), despite the declining advertising revenues in the domestic printing business as a result of the earnings contributions of the newly acquired businesses, lower start-up costs for the new operations, and our cost-cutting discipline in the core business. Thus, it also significantly exceeded the forecast for 2008 that the EBITDA 2007, adjusted for payments arising from the Kirch insolvency (€ 13.0 million in 2007, € 6.2 million in 2008) and the dividends from ProSiebenSat.1 Media AG (€ 23.1 million), which has been sold in the meantime, would be exceeded.

Earnings before taxes, interest, and amortization on goodwill (EBITA), adjusted for non-recurring effects and effects from purchase price allocations, increased slightly to € 422.1 million. The amount in 2007 (€ 421.7 million) included a non-recurring effect arising from a restructuring-related reversal of impairment on real estate in the amount of € 15.8 million. Income from continuing operations doubled as a result of the gain from the sale of shares in ProSiebenSat.1 Media AG to € 571.1 million (PY: € 284.0 million).

The consolidated net profit for the 2008 fiscal year in the amount of € 571.1 million and the consolidated net loss of the previous year in the amount of € 288.4 million were both affected by significant factors that do not relate to the current operating business: the gains and losses in connection with ProSiebenSat.1 Media AG (2008: € 438.3 million; PY: € 23.1 million) and PIN AG (2007: € – 572.4 million), other non-recurring effects (2008: – 62.0 million; PY: € 12.4 million), the income from the Kirch insolvency (2008: € 6.2 million; PY: € 13.0 million), the effects of purchase price allocations and amortization of goodwill (2008: € – 48.6 million; PY: € – 13.4 million), the fair value measurement of H&F options (2008: € – 27.8 million; PY: € – 16.0 million), and the corresponding taxes (2008: € 10.5 million; PY: € – 3.8 million). It should also be remembered that the tax reform in Germany entailed a considerable change in the tax rates, giving rise to a one-time remeasurement of deferred taxes in 2007 (PY: 43.1 million). Also, the current taxes would have been lower in Germany in 2007 if the 2008 tax rates had been applied (PY: € – 9.0 million). Adjusted for these effects, there is a rise in the consolidated net profit from € 234.6 million to € 254.5 million.

Diluted earnings per share calculated from the consolidated profit amounts to € 18.54 (PY: € – 9.70). Based on the weighted average shares outstanding in 2008, the adjusted diluted earnings per share rose from € 7.77 to € 8.43.

Business development and performance - Segments

Newspapers National
In 2008, the newspapers published by Axel Springer asserted themselves well in a difficult market. We asserted our position as Germany's leading newspaper publisher with the BILD and WELT Groups, as well as with regional newspapers with the largest circulations. Owing to various copy price increases, it was possible to slightly increase circulation revenues in the segment. In contrast, the incipient recession led to declining advertising revenues.

Circulation Newspapers National

Average paid circulation, IVW data	2008	Change yoy
BILD	3,339,975	– 4.5 %
BILD am SONNTAG	1,719,408	– 4.8 %
DIE WELT/ WELT KOMPAKT	275,308	0.6%
WELT am SONNTAG	402,064	– 0.7%
HAMBURGER ABENDBLATT	249,161	– 1.8%
BERLINER MORGENPOST	147,213	– 1.0%
B.Z./B.Z. am SONNTAG	197,945	– 3.2%

In 2008, BILD, Europe's most widely read and circulated daily newspaper, generated the greatest profit since it was established. Thanks to the copy price increases of West German issues, as well as copy price increases of € 0.60 for issues in Berlin-Brandenburg and € 0.50 in Chemnitz, we were able to more than compensate the decline in circulation of 4.5 % compared to 2007, to an average of 3.3 million copies (all information on paid circulation of domestic newspapers according to IVW). Thus, BILD reached an average of 11.6 million readers daily (all information on the reach of domestic newspapers according to ma 2009 Pressemedien I; status: January 2009) and therefore more people than reached by the largest television show in Germany, "Wetten, dass... ?" with an average of 10.02 million viewers in 2008. In 2008, BILD once again considerably increased the involvement of readers. 9,603 pictures made by readers have already been published in the newspaper since July 2006 (status: February 2009), 956 of which have even been placed on the cover. Readers send pictures that they have taken with their cell phones to the newspaper via the abbreviated number 1414. In addition, BILD improved the reader-paper bond with 30 thousand BILD video cameras acquired by customers in retail stores. As with the 1414 pictures, the videos made with the BILD camera can also be easily sent to the editorial department. The reader advisory committee called to life in 2007 has moved on to the next phase as a result of its great success.

The precise dovetailing of BILD's various media offerings also contributed to its success, for which relocating the editorial staff from BILD and BILD am SONNTAG from Hamburg to Berlin into an integrated newsroom for print, online, mobile, and moving image content was an important prerequisite. The tabloid has demonstrated its innovation numerous times; for instance, with the new 4242 service: readers of the print edition can photograph designated articles with a cell phone and send the picture to 4242 in order to promptly receive direct access to multimedia background information via the BILDmobil portal. With more than 11.0 million readers (– 0.3 million), BILD am SONNTAG remained by far the most widely circulated weekly newspaper. With an average of 1.7 million copies sold, the circulation was 4.8 % below the previous year's level, but at the same time, the sales price was raised in May from € 1.40 to € 1.50.

DIE WELT/WELT KOMPAKT succeeded in slightly increasing its circulation year-on-year against the overall market trend. The readers (including those of the tabloid format WELT KOMPAKT) purchased on average 275.3 thousand copies (+ 0.6 %). In the second quarter, DIE WELT/WELT KOMPAKT achieved a new record circulation of 280.4 thousand copies, despite the higher copy price. The premium newspaper continued to reach 0.7 million readers with each issue. In September, the job ads from DIE WELT were expanded by the supplement KarriereWELT in tabloid format. The job ads are also included in the Monday edition of WELT KOMPAKT, which is geared towards younger readers. WELT am SONNTAG also succeeded in maintaining its lead over the competition by mixing current, pointedly opinionated, and entertaining journalism. The Sunday newspaper's paid circulation developed almost stably with 402.1 thousand copies (– 0.7 %), despite a copy price increase implemented in the second quarter.

The circulation of the large regional newspapers, HAMBURGER ABENDBLATT, BERLINER MORGENPOST, and B.Z., declined moderately by comparison in 2008 – despite the difficult market environment. The HAMBURGER ABENDBLATT sold an average of 249.2 thousand copies (– 1.8 %), despite increasing both its subscription and single-unit sales prices. The most widely read daily newspaper in metro Hamburg brought two additional regional issues to the market. With a decrease of 1.0 % to 147.2 thousand copies, BERLINER MORGENPOST's paid circulation developed better than average for Berlin premium newspapers. The traditional B.Z./B.Z. am SONNTAG remained Berlin's largest newspaper with an average of 197.9 thousand copies sold (– 3.2 %), despite the price increase in October.

Key Figures Newspapers National

in € millions

	2008	2007	Change
External revenues	**1,277.6**	**1,290.3**	**– 1.0%**
Share in cons. revenues	46.8 %	50.1 %	
Circulation revenues	625.8	600.7	4.2 %
Advertising revenues	623.4	667.0	– 6.5 %
Other revenues	28.3	22.7	24.9 %
EBITDA	**348.9**	**363.9**	**– 4.1 %**
EBITDA margin	27.3 %	28.2 %	

The newspapers published domestically by Axel Springer generated € 1,277.6 million in revenues in 2008 (PY: € 1,290.3 million). The copy price increases contributed significantly to the increase in circulation revenues by 4.2% to € 625.8 million (PY: € 600.7 million). The increasing reluctance to incur advertising expenses as a consequence of the worsening economic environment caused advertising revenues to decline overall by 6.5 % to € 623.4 million (PY: € 667.0 million). With 46.8 % (PY: 50.1 %), the Newspapers National segment made the greatest contribution to consolidated revenues.

Considering the slightly decreasing development of revenues, rising costs from negotiated labor contracts, and the expense of relocating BILD, earnings before taxes, interest, depreciation, and amortization (EBITDA) totaling € 348.9 million remained below the previous year's level (€ 363.9 million) by 4.1 %. Not even record earnings on the part of BILD and the WELT Group/BERLINER MORGENPOST could compensate the HAMBURGER ABENDBLATT's decreasing revenues from the classified ad business and investment income that was lower than the corresponding prior-year figure.

Magazines National

Despite the difficult market environment, with advertising and circulation revenues below the respective prior-year figures, the earnings generated by the Magazines National segment were among the highest in the company's history. In particular, the magazines of the BILD family of brands increased their market shares in total.

In the TV listings segment, TV DIGITAL sold on average more than 2.0 million copies on a biweekly basis – an increase of 8.2 % compared to 2007 (all information on the paid circulation of domestic magazines principally according to IVW, unless otherwise indicated). Thus, Germany's largest magazine for digital television was the only publication in its market segment to increase its circulation year-on-year. TV DIGITAL's market share rose from 19.8 % to 21.7 % (all information on market shares measured on the weighted paid circulation, unless otherwise indicated); the reach increased from 2.2 million to 2.7 million readers (all information on the reach of domestic magazines according to ma Pressemedien I; status: January 2009). Already in its fourth year, TV DIGITAL is one of the top-selling magazines in Germany. With around 1.5 million copies sold, HÖRZU is still the number one among weekly TV magazines in Germany, despite a 4.0 % decrease in circulation. The unwavering trend towards monthly TV listings caused the circulation of most weekly TV titles on the German market to fall.

Circulation Magazines National

Average paid circulation, IVW data	2008	Change yoy
TV DIGITAL	2,036,937	8.2 %
HÖRZU	1,450,772	– 4.0 %
FUNK UHR	676,805	– 6.2 %
BILDWOCHE	199,523	– 13.2 %
TV NEU	147,647	– 14.0 %
BILD der FRAU	1,021,276	– 5.8 %
JOLIE	282,825	– 14.6 %
FRAU von HEUTE	241,485	– 31.6 %
COMPUTER BILD	721,036	1.6 %
COMPUTER BILD SPIELE	279,973	– 21.8 %
AUDIO VIDEO FOTO BILD	200,275	– 25.8 %
AUTO BILD	616,078	– 4.3 %
AUTO TESTS	216,452	27.8 %
AUTO BILD ALLRAD	65,879	– 1.7 %
AUTO BILD SPORTSCARS	64,723	– 5.9 %
AUTO BILD MOTORSPORT	55,386	– 9.1 %
SPORT BILD	480,951	– 3.9 %
EURO	174,193	1.7 %
EURO am SONNTAG	111,485	0.6 %
POPCORN	193,026	– 9.5 %
MÄDCHEN	158,277	0.3 %
ROLLING STONE	53,246	– 3.3 %
MUSIKEXPRESS	51,025	– 7.3 %
METAL HAMMER	45,750	– 0.1 %

In the women's and lifestyle magazines segment, BILD der FRAU succeeded in expanding its circulation market share to 29.6 % (PY: 27.5 %), despite the stiff crowding out competition. With more than 1.0 million copies, on average 5.8 % less was sold than in 2007. Nevertheless, the largest weekly women's magazine BILD der FRAU increased the number of readers by 0.2 million to 5.9 million. The reach of the monthly pocket magazine JOLIE declined slightly in the hotly contested market and the paid circulation decreased by 14.6 % to 282.8 thousand. The lifestyle title MÄDCHEN defended its good market position with 158.3 thousand copies sold (+ 0.3 %) and was able to increase its market share in the youth segment by two percentage points. ROLLING STONE achieved a circulation of 53.2 thousand copies (– 3.3 %). In the course of bundling the women's, youth, and music magazines, as well as their online offerings, in the newly created publishing group "Women's and Lifestyle Media", Axel Springer had already sold the men's lifestyle title MAXIM in the first quarter of 2008. Axel Springer's reorganization goal is the cross-medial expansion of the women's brands as well as the youth and music magazines. Since January 2009, only the online issue of the youth magazine YAM! is being continued and further developed.

Overall in 2008, the circulation of the BILD Group's computer, auto, and sport magazines developed better than the market almost across the board. Thus, Europe's largest computer magazine, COMPUTER BILD, succeeded in increasing its circulation by 1.6 % to an average of 721.0 thousand copies, thereby remaining the unchallenged market leader in its segment. Despite losing circulation, COMPUTER BILD SPIELE and AUDIO VIDEO FOTO BILD defended their top positions in their respective hotly contested market segments.

The publications of the AUTO BILD Group developed more stably than the overall market, thus enabling them to expand their leading positions. Overall, Axel Springer expanded its market share in the automotive title segment year-on-year by 0.6 percentage points to 54.7 %. Europe's largest automobile magazine AUTO BILD expanded its reach from 2.8 million to 2.9 million readers. Good progress was also made in 2008 in the internationalization of the automobile magazine with an additional seven licensed editions, so that we were able to further expand our position as the world's largest automobile media brand. In contrast, AUTO BILD's paid circulation declined by 4.3 % to an average of 616.1 thousand copies. Under the monthly special titles, AUTO TESTS developed excellently with an average of 216.5 thousand copies sold (+ 27.8 %).

SPORT BILD increased its advertising market share under the relevant sports magazines to 67.7 % (PY: 67.4 %). Europe's largest sports magazine increased its reach considerably by 0.4 million to 4.2 million readers. In total in 2008, an average of 481.0 thousand copies (– 3.9 %) were sold and we increased the market share by 1.1 percentage point to 48.6 %.

In the challenging market for financial publications, the titles of Axel Springer Financial Media (Axel Springer Finanzen Verlag until the end of 2008) mostly succeeded in increasing their circulations. With 174.2 thousand copies, the monthly magazine EURO sold an average of 1.7 % more than in 2007. The weekly EURO am SONNTAG increased its paid circulation by 0.6 % to 111.5 thousand. However, both publications had to accept considerable reductions in advertising revenues owing to the negative development of the capital market. The paid circulation of the entrepreneur's magazine MARKT und MITTELSTAND declined by 2.0 % to 53.7 thousand copies.

Key Figures Magazines National

in € millions

	2008	2007	Change
External revenues	**564.1**	**587.8**	**– 4.0 %**
Share in cons. revenues	20.7 %	22.8%	
Circulation revenues	373.6	381.6	– 2.1 %
Advertising revenues	176.0	192.2	– 8.4 %
Other revenues	14.5	14.1	2.8 %
EBITDA	**88.8**	**73.9**	**20.2 %**
EBITDA margin	15.7 %	12.6%	

The revenues of domestic magazines fell in 2008 by 4.0 % to € 564.1 million (PY: € 587.8 million). Publications contributed 20.7 % (PY: 22.8 %) to consolidated revenues. The decrease in circulation revenues by 2.1 % to € 373.6 million (PY: € 381.6 million) can be attributed primarily to women's, youth, and music magazines, whereby the discontinuance of MAXIM and reduced circulation on the part of YAM! played a role. Positive, partially price-related increases in circulation revenues with respect to TV listings – above all TV DIGITAL – as well as the auto and sports media, could not fully compensate these effects. Advertising revenues declined by 8.4 % to € 176.0 million (PY: € 192.2 million), which can also be attributed to the discontinuance of MAXIM.

Despite the declining revenues, the Magazines National segment achieved new records with an EBITDA of € 88.8 million (PY: € 73.9 million) and an EBITDA margin of 15.7 % (PY: 12.6 %). This increase in income can in particular be attributed to an optimization of the title portfolio, disciplined cost management, and a reduction in development and start-up costs.

Print International

Internationally, our newspaper and magazine business developed well in 2008 under difficult conditions. However, in some cases, considerably fewer newspapers and magazines were sold on the markets than in the previous year. Axel Springer introduced new publications to the market and integrated the operations acquired in 2007 quickly and successfully.

Circulation Poland (Selection)

Average paid circulation, ZKDP data	2008	Change yoy
FAKT	495,063	– 3.8 %
DZIENNIK	154,728	– 18.5 %
NEWSWEEK[1]	123,342	– 10.6 %

[1] Source: ZKDP, January to November 2008 vs. January to November 2007.

In Poland, Axel Springer remains the leader in the national daily newspaper segment. With the tabloid FAKT, the premium newspaper DZIENNIK, and the sports newspaper PRZEGLAD SPORTOWY, the company increased its market share to 44.3 % (PY: 45.2 %). FAKT succeeded once again in maintaining its lead over the competition with an average of 495.1 thousand copies sold (following information according to ZKDP) – despite a decrease in circulation of – 3.8 % year-on-year. In September, Poland's largest daily newspaper started "FAKT for Great Britain" and "FAKT for Ireland" with a weekly circulation of 30 thousand copies for the Poles living in the British Isles.

The development in the market segment for premium newspapers continued to be very difficult. The decrease in the paid circulation of DZIENNIK to 154.8 thousand (– 18.5 %) was consciously accepted in the decision to reduce supplements such as CDs or DVDs, etc. Among the weekly news magazines, NEWSWEEK generated not only the highest growth rates with respect to advertising revenues, but also the absolutely highest advertising volume. Readers purchased an average of 123.3 thousand copies and thus 10.6 % less than in 2007 (January – November). With an average paid circulation of 40.4 thousand (– 3.8 %; January – November), the monthly magazine FORBES continued to be the highest-selling business magazine in Poland. In the weekly automobile magazine segment, AUTO ŚWIAT asserted its top position with 110.9 thousand (January – November) copies sold, despite a decrease in circulation of 6.8 %. KOMPUTER ŚWIAT was the only computer magazine in Poland to increase its circulation by 3.2 % to 89.6 thousand (January – November).

Circulation Hungary (Selection)

Average paid circulation, MATESZ data	2008	Change yoy
TVR-HET	213,393	– 4.0 %
KISKEGYED	201,295	0.9 %
GLAMOUR	57,215	2.3 %

Axel Springer is Hungary's largest publisher, with ten newspapers, more than 30 magazines, and a comprehensive online portfolio. In terms of average paid circulation, we have achieved a market share of over 22 % (PY: 22 %, company information) with our range of products. We reinforced our top position in TV listings by introducing a sixth TV listings title appearing biweekly in the budget price segment. In addition to the successful new magazine supplement VALUE in the leading business newspaper VILÁGGAZDASÁG, the two licensed titles "Manager Magazine" and "Harvard Business Review" contributed significantly to the growth in income. In the highly competitive women's segment, the successful brands KISKEGYED and GLAMOUR improved their market positions. Whereas KISKEGYED succeeded in maintaining the stability of its circulation with an average of 201.3 thousand (PY: 201.4 thousand) copies sold GLAMOUR even recorded an increase of 2.3 % to 57.2 thousand.

Circulation Switzerland (Selection)

Average paid circulation, WEMF data	2008	Change yoy
BEOBACHTER	310,173	– 0.6 %
TV STAR	169,761	– 0.4 %
HANDELSZEITUNG	45,190	46.4 %

In Switzerland, Axel Springer generated very good net income in the large segments business magazines, BEOBACHTER Group, and TV listings. The business titles HANDELSZEITUNG, BILANZ, and STOCKS once again reached their high advertising revenues generated in the previous year, contrary to the trend. The financial publications impressively increased their circulation figures by taking over the subscriber base of the business newspaper "Cash": The HANDELSZEITUNG recorded a very high increase in circulation of 46.4 % to 45.2 thousand (information based on official circulation statistics from WEMF); the business magazine BILANZ sold 5.7 % more with 40.9 thousand copies; the investor magazine STOCKS even increased its circulation year-on-year by 15.4 % with 23.9 thousand copies. The consumer advice magazine BEOBACHTER held its circulation almost stable (– 0.6 %) with an annual average of 310.2 thousand copies sold. In order to offer advertising customers attractive combination offers with a high reach, advertising sales departments of the segments TV listings and the BEOBACHTER Group were bundled together. The largest Swiss weekly TV title TELE appeared in 2008 for the first time with a completely revised program section: With TELEdigital, TELE delivers the first weekly program supplement for digital TV service in Switzerland. The integration of Jean Frey AG and the TV listings of Ringier, acquired in 2007, was successfully concluded in 2008. Both operations generated greater net income than before the integration.

Circulation France (Selection)

Average paid circulation, company data	2008	Change yoy
TELE MAGAZINE	360,000	– 3.6 %
VIE PRATIQUE GOURMAND	185,000	1.3 %
VIE PRATIQUE SANTE	100,000	– 6.9 %

In France, the biweekly cooking magazine VIE PRATIQUE GOURMAND generated the highest percentage growth with readers of all French magazines, 76.1 % to 833 thousand readers, and continues to be the most sold cooking magazine. The TV magazine TELEMAGAZINE succeeded in increasing its readership by 3.1 % to 1.1 million in its weekly TV magazine segment.

Circulation Spain (Selection)

Average paid circulation, OJD data	2008[1]	Change yoy
COMPUTER HOY	91,534	– 8.2 %
HOBBY CONSOLAS	78,387	– 8.9 %
PERSONAL COMPUTER	76,578	– 5.4 %

[1] Source: OJD, July 2007 to June 2008 vs. July 2006 to June 2007.

In Spain, Axel Springer defended its position as the market leader in the magazine segments of computer magazines, with a market share of 78.9 % (– 0.5 %) and video and computer games, with a market share of 86.3 % (– 0.3 %). In the segment of weekly auto magazines, AUTO BILD ESPANA likewise held on to the market leadership position,with a market share of 30.6 % (– 1.5 %). Even AUTO BILD 4x4, which first appeared in 2008, asserted its position as the most widely circulated medium all about four-wheel-drive vehicles. In addition, the children's magazine Juan y Tolola, which also appeared for the first time in 2008 – a licensed title from BBC – also succeeded in placing itself in the market.

Circulation Russia (Selection)

Average paid circulation, company data	2008	Change yoy
FORBES	86,689	– 3.9 %
COMPUTER BILD	74,476	29.8 %

In Russia, FORBES, the market leader in the business magazine segment, expanded its position in the advertising market. The cooperation agreement between Forbes Inc. and Axel Springer Russia was extended. The circulation of the biweekly Russian issue of COMPUTER BILD grew especially dynamically with a plus of 29.8 % to an average of 74.5 thousand copies sold (according to the company itself).

Circulation Czech Republic (Selection)

Average paid circulation, ABC data	2008	Change yoy
TOP DIVKY	36,490	– 19.8 %
SVET MOTORU	34,287	– 5.8 %
AUTO TIP	23,454	– 4.2 %

In the Czech Republic, Axel Springer underpinned its dominant position in the automobile magazine segment compared to its main competitors with the titles SVET MOTORU and AUTO TIP. The publications unite 65.2 % (PY: 65.0 %) of the market for Axel Springer – based on paid circulation. As a result of the great success with the readers, AUTO TIP SPORTSCARS, which first started in June as a licensed edition of the corresponding special title AUTO BILD, will no longer appear semi-annually, but rather every quarter. In addition, the magazine for four-wheel-drive vehicles AUTO BILD ALLRAD Czech Republic was brought to the market as AUTO TIP 4x4 in November.

Axel Springer has also operated in India since June 2008. The company published the first issue of AUTO BILD India in June together with the India Today Group, one of the leading publishing houses on the Asian subcontinent.

Axel Springer also successfully implemented its internationalization strategy in additional countries by awarding a number of licensed editions. AUTO BILD has also been circulated since May 2008 in Georgia. The special interest magazine AUTO BILD ALLRAD appears as AUTO BILD 4x4 in Bulgaria, Serbia and Montenegro, and the first licensed edition of AUTO BILD in Central America started in Mexico. Thus, AUTO BILD appears in 35 countries.

Key Figures Print International

in € millions	2008	2007	Change
External revenues	**409.8**	**408.3**	**0.4 %**
Share in cons. revenues	15.0 %	15.8 %	
Circulation revenues	216.4	208.4	3.8 %
Advertising revenues	177.4	173.2	2.4 %
Other revenues	16.0	26.7	– 40.2 %
EBITDA	**27.8**	**10.6**	**> 100 %**
EBITDA margin	6.8 %	2.6 %	

In 2008, the Print International segment generated revenues of € 409.8 million compared to € 408.3 million in 2007. Above all on the Swiss market, Axel Springer was able to considerably increase its revenues. The newspapers and magazines published internationally contributed 15.0 % (PY: 15.8 %) of consolidated revenues. Circulation revenues increased by 3.8 % to € 216.4 million (PY: € 208.4 million) – in particular as a result of growth in the newly acquired operations in Switzerland. The increase in advertising revenues of 2.4 % to € 177.4 million (PY: € 173.2 million), were somewhat lower. The Swiss and Russian publications succeeded in increasing their advertising revenues most significantly. In 2008, it was not possible to repeat the profit generated in 2007, in particular in the Polish market through the sale of spin-off products, so that the other revenues decreased by 40.1 % to € 16.0 million.

Axel Springer succeeded in more than doubling earnings before taxes, interest, depreciation, and amortization (EBITDA) with respect to the titles published internationally from € 10.6 million to € 27.8 million. Net income in 2007 was strongly characterized by the costs for the discontinuance of development activities for a tabloid in France (€ 13.7 million). Above all, the successful integration of the acquisitions in Switzerland and the methodical development of operations in Russia were able to increase net income very satisfactorily. At 6.8 %, the EBITDA margin considerably exceeded the previous year's level (PY: 2.6 %).

Digital Media

Online activities

Axel Springer further promoted its digitalization offensive with the further development of its existing operations and with targeted purchases. Thus, the digital offerings recorded considerable growth overall with respect to reach and usage figures and were able to increase revenues significantly.

Unique Visitors/Visits of Editorial Online-Offerings (Selection)

in thousands	Unique Visitors 2008[1]	Change yoy	Visits 2008[2]	Change yoy
Bild.de	3,566.0	13.0 %	62,942.0	36.8 %
welt.de	3,107.6	121.6 %	19,725.4	139.2 %
goFeminin.de	1,932.1	– 0.1 %	5,802.6	13.2 %
computerbild.de[3]	1,665.3	99.6 %	8,931.6	275.9 %
transfermarkt.de[4]	1,003.7	60.0 %	10,465.8	66.1 %
abendblatt.de	735.5	– 10.0 %	3,762.3	14.9 %
autobild.de	659.1	– 3.8 %	4,347.6	15.1 %
hamburg.de[5]	520.2	– 13.7 %	2,170.6	– 11.9 %
morgenpost.de	473.7	27.9 %	2,272.1	56.0 %
onmeda.de	465.9	– 9.6 %	1,647.5	20.5 %
sportbild.de[6]	250.5	– 0.4 %	2,494.9	66.2 %
jolie.de[7]	217.2	267.5 %	508.7	306.8 %
finanzen.net	190.0	46.6 %	4,042.4	128.8 %

[1] Source: ComScore.
[2] Source: IVW.
[3] Visits: Company data for Q1–2/2007, IVW-data as of Q3/2007.
[4] Visits: Company data for 2007, IVW-data for 2008.
[5] Visits: Company data for until October 2007, IVW-data as of November 2007.
[6] Visits: Company data for Q1/2007, IVW-data as of Q2/2008.
[7] Visits: Company data for Q1–2/2007, IVW-data as of Q3/2008.

In 2008 in the area of print brands and content-linked online and mobile portals, Bild.de succeeded in reinforcing its position as the most viewed news and entertainment webpages in Germany by far. With respect to the reach, the online portal from BILD set a new record with an average of 3.6 million (PY: 3.2 million) unique visitors (unique visitor information principally according to comScore, unless otherwise indicated). Even the page impressions increased considerably by 38.5 % year-on-year to an average of 747.4 million; visits were increased by 36.8 % to 62.9 million (visits and page impression information principally according to IVW, unless otherwise indicated). After the takeover of the remaining shares in Bild.de by Deutschen Telekom AG in January 2008, it was possible to consistently promote the further development of the BILD family. That could be seen, for instance, in the orientation of an integrated newsroom, in which the BILD family's content for the print, online, and moving image formats are created. The portal expanded its offerings in August by making moving image content available on all games in the German Bundesliga. The Bundesliga videos reached more than 400 thousand viewers monthly. The portal developed into one of the most-used moving image platforms online in Germany. BILDmobil advanced to the largest mobile information and entertainment portal in Germany with 17.6 million page impressions (December 2008; December 2007: 7.8 million). Axel Springer strengthened its sports information offerings by acquiring the majority in transfermarkt.de, the leading German-language online soccer community.

The news portal WELT ONLINE reached an average of 3.1 million unique visitors monthly, up 121.6 % year-on-year. The number of pages viewed each month increased by 139.1 % to 148.8 million; the number of visits increased by 139.2 % to 19.7 million. Therefore, WELT Group's Internet offering is Germany's third-largest news portal and took over the top position among the online offerings of premium newspapers in Germany. The traffic of WELT MOBIL's mobile portal grew by an annual average of 12 %. The expanded online offering of BERLINER MORGENPOST, the leading portal for local news in Berlin, recorded a constant increase in traffic, as well as a record number of page impressions in October (24.9 million pages viewed). Print and online were also more closely integrated at the HAMBURGER ABENDBLATT. Whereas the reach declined by – 10 % to 0.7 million unique visitors, the number of pages viewed increased by 14.8 % to an average of 21.1 million monthly.

hamburg.de, the official city portal of the Hanseatic City of Hamburg, expanded its offering considerably. Thus, among other things, the video portal video.hamburg.de was started. The reach sank by 13.7 % to an average of 0.5 million unique visitors, but the number of page impressions increased by 12.7 % to 16.4 million.

autobild.de expanded its position as the leading supplier of editorial content on the topic of automobiles. The introduction of AUTO BILD MOBIL also contributed by providing users with information via cell phone.

computerbild.de pushed itself from third to second place among the most important German technical webpages by consistent further development of its editorial content. The computer portal also started with a webpage (mobil.computerbild.de) for mobile users.

Axel Springer increased its investment in the online game provider Gamigo from 47.4 % to 94.8 %. In 2008, gamigo.de was able to offer numerous new games and considerably increased the number of new registrations to 1.1 million. Gamigo already has a portfolio of 15 titles in four languages.

In a cooperation started in 2008, Axel Springer Digital TV Guide combined its experience in program guides and editorial-supported navigation with the APRICO's recommendation technology from Philips Technologies. The software product MY PERSONAL TV DIGITAL, which can be implemented on various devices, enables consumers to prepare completely personalized TV channels – and offers advertisers an excellent, high-performance platform for target group-oriented and interactive advertising.

The women's portals also performed well. Both websites for young female readers, jolie.de and maedchen.de, increased the frequency with which their pages were viewed. The competency in moving image content improved the MÄDCHEN's portal with the internally produced TV format Mädchen.tv.

In 2008, Europe's leading women's portal, auFeminin.com, underpinned its excellent competitive position. Its reach increased to an average of 22.5 million unique visitors per month (according to the company). auFeminin achieved an average of 519.4 million page impressions each month (according to the company). Total revenues of the listed company grew by 10 % to € 24.7 million. International revenues recorded considerable growth of 74 %, while Smart Adserver revenues grew by 43 %. The earnings before interest and taxes (EBIT) of € 9.5 million disclosed in the consolidated financial statements of the auFeminin Group was less than the € 13.1 million reported in 2007, owing to the planned expenses for the expansion of the auFeminin Group. Highlights in 2008 included the relaunch of auFeminin.com and goFeminin.de, as well as the launch of the luxury website Joyce. goFeminin.de also acquired the health portal ONMEDA, one of Germany's leading independent portals for premium health information, thereby reinforcing the health area. goFeminin.de is auFeminin.com's German-language website. Axel Springer holds 82.4 % of shares in auFeminin.

With 0.3 million unique visitors, Germany's largest finance community, wallstreet:online, succeeded in reaching 6.6 % more users than in 2007. The financial portal is the only product in this segment whose reach is growing. In November, Axel Springer increased its share in wallstreet:online from 50.1 % to 71.5 %. However, wallstreet:online did not develop satisfactorily overall. The international financial market crisis led to a decline in the investor relations business close to the capital market. In the course of the implemented restructuring and cost-reducing program, the company separated itself from projects and investments unrelated to its core business. This is also why wallstreet:online's revenues disclosed in its annual financial statements declined year-on-year by € 3.9 million to € 4.5 million and the EBITDA by € 0.4 million to € 0.3 million.

In 2008, finanzen.net improved its competitive position, for example by expanding its moving-image content offerings and is now the second-largest financial portal in Germany. Page impressions grew considerably in 2008 by 104.7 % to an average of 26.1 million. Smarthouse Media continues to be one of the worldwide leading providers in the area of web-based financial applications for derivatives issuers. In November 2008, Axel Springer expanded its share in Smarthouse Media from 76.0 % to 88.0 %.

Axel Springer also implemented its digitalization strategy consistently and across multiple independent websites. In Poland, the company expanded its product portfolio by the news and opinion portal redakcja.pl. The editorial departments of DZIENNIK, FAKT, PRZEGLAD SPORTOWY, NEWSWEEK, and FORBES provide the portal with journalistic content. In addition, the student portal, students.pl, went online. The portal also cooperated with print media from AS Polska in this endeavor. The daily newspaper DZIENNIK and the news magazine NEWSWEEK supply editorial content regarding the areas of culture, entertainment, and economy. Accordingly, traffic increased considerably.

Even the number of visitors to and pages viewed from the online offering of Axel Springer in Hungary rose substantially – above all, the redesigned and aggressively marketed eight regional news portals. The new start of three online portals in the women's segment as a compliement to the corresponding print media KISKEGYED, GLAMOUR, and the decoration title LAKÁSKULTÚRA contributed to the total growth of page impressions and visits in the Hungarian market.

In Switzerland, the acquired leisure portals, partyguide.ch and usgang.ch, developed very well: With an average of 360 thousand unique visitors each month, partyguide.ch is the farthest-reaching offer among Swiss party and leisure portals, while usgang.ch, with its 200 thousand unique visitors, is the most frequently visited premium lifestyle and nightlife medium online. The student portal students.ch doubled its monthly unique visitors within one year and recorded an average of 130 thousand visitors (WEMF). Together, the portals of the Amiado Group reach around 36 % of the Swiss population between 16 and 34 (according to the company).

Axel Springer Praha is the leading provider of automotive portals online. With 15.9 million page impressions and 1.8 million visits, Auto.cz has become the most important website for advertising customers in the automotive segment (www.netmonitor.cz). In France in 2008, the automotive portal autoplus.fr succeeded in generating more than one million unique visitors (Nielsen, OJD).

ZANOX.de AG, one of the worldwide leading suppliers of success-based online marketing, was able to increase its revenues and net income for the umpteenth time and further expand its market position compared to the competition. zanox continued its profitable growth path and strengthened its international business, among other ways, by opening additional offices in various countries and thus created the basis for more intensive contact to international advertising customers. zanox took greater advantage of the Axel Springer Group's cross-selling potential. Furthermore, the company began a quality offensive with the disclosure of its Code of Conduct. With this detailed code of conduct, zanox created transparent quality standards for the participants in the Affiliate Network. In addition, zanox received the European Seal of E-Excellence by the European Multimedia Forum for the third time in a row.

In the segment for the online classified ads market and marketplaces, immonet.de also reinforced its market position as the number two among German real estate portals. The property portfolio on immonet.de was increased by 18.8 % to the record high of 950 thousand, while the page impressions increased by 27.9 % to 400.2 million (according to the company). In addition, Immonet was distinguished as the cross-media market leader in the Ludwig Maximilian University of Munich's Immostudie 2008, and won first place in the audience award "Website of the Year" in the category of real estate portals. Owing to its strong market position, the portal was able to assert a price adjustment in September that had a very positive effect on the development of revenues.

With the acquisition of around 33.3 % of shares in StepStone ASA in Oslo, we succeeded in gaining access to the quickly growing European market for online job exchanges. StepStone is one of the leading operators of online job exchanges in Europe and providers of talent management software and services. The German online job market on stepstone.de in which Axel Springer has owned 49.9 % since 2004, increased the number of registered users who regularly inquire about new job offers to more than 700 thousand (+14 %). The number two among German job exchanges attracted numerous new large customers. In addition, stepstone.de entered into an online cooperation with the personnel management portal HRM.de.

idealo.de consistently expanded its offer portfolio in 2008 and underpinned its position as one of the leading German search engines for price and product comparisons. The portal expanded to Great Britain, France, and Austria. It's offerings in Spain, Italy, and the Netherlands were augmented by the topic of travel. In Germany, users have been able to fall back on price comparisons between electricity suppliers since the third quarter. idealo.de was able to increase the total number of brokered trader contacts by 23.7 % compared to 2007, whereby clicks for travel price comparisons even doubled.

TV/radio operations

In November 2008, Axel Springer entered into contracts for the acquisition of an equity interest amounting to at least 9.1 % of Doğan Yayin Holding for a purchase price of € 47 million. The contracts are subject to regulatory approval and have not yet been finalized. The Turkish media holding company commands an excellent position in an attractive growth market. The Doğan Yayin Holding's portfolio complements Axel Springer's printed and digital media offerings excellently and includes, among other things, controlling interests in the newspapers Hürriyet, Milliyet, and Posta, as well as an investment in the magazine company Doğan-Burda, and controlling interests in Doğan TV and the listed company Trader Media East. With this move Axel Springer will expand and deepen the existing long-standing strategic partnership with the Doğan Group. In connection with this transaction, Axel Springer AG sold 5.1 percentage points of its previous 25 % equity interest in the Doğan TV Group for a purchase price of € 77 million to the parent company of Doğan Yayin Holding. The basis for the purchase price was the historical measurement at which

Axel Springer had acquired the investment at the start of 2007. Doğan TV is the largest private TV and radio company in Turkey. As a result of a planned capital increase on the part of Doğan TV, in which Axel Springer AG is not participating, the indirect investment in Doğan TV will be further reduced to 18.6 %.

In the TV segment, the Doğan TV Group asserted its market leadership as well as its viewer and advertising market shares. In the most important regional print markets for Axel Springer – Hamburg and Berlin – the Group has invested in local TV stations. Both metropolitan area stations Hamburg 1 and TV.Berlin developed positively once again. Schwartzkopff TV was once again one of the leading producers of entertainment and talkshow formats, in particular as a result of the successful new business in the area of docutainment and the solid existing business.

The radio portfolio with its six direct and many indirect investments in radio stations developed very well in a difficult market environment.

Key Figures Digital Media

in € millions

	2008	2007	Change
External revenues	**378.2**	**208.1**	**81.7 %**
Share in cons. revenues	13.9 %	8.1 %	
Advertising revenues[1]	271.2	160.8	68.6 %
Other revenues[1]	107.0	47.3	> 100 %
EBITDA	**20.9**	**36.7**	**– 43.0 %**
EBITDA margin	5.5 %	17.6 %	
EBITDA excl. net investment income[2]	**20.0**	**– 1.1**	**-**
EBITDA margin	5.3 %	– 0.5 %	

[1] Previous year's figures adjusted due to change of presentation method, see the note on page 22.
[2] This figure does not include a net investment income of € 0.9 million (PY: € 37.8 million).

In 2008, the Digital Media segment generated a robust increase in revenues of 81.7 % to € 378.2 million (PY: € 208.1 million). The greatest contribution to revenues was provided by zanox.de, an equity investment acquired in 2007 that has been included in the basis of consolidation since the third quarter of 2007. With € 271.2 million, advertising revenues were up 68.6 % year-on-year (2007: € 160.8 million), despite the increasingly difficult market environment. The other revenues increased considerably from € 47.3 million to € 107.0 million. The most important catalyst for this was the inclusion of eprofessional.de, a subsidiary of zanox.de, for the entire year.

The pro forma revenues of the Digital Media segment increased by 24.6 % to € 383.1 million (PY: € 307.4 million) and included the companies acquired since 2006 on the basis of unaudited financial information. zanox.de is included at the rate of 100 % (formerly: pro rata at 60 %) because the planned target structure was no longer regarded as feasible at the balance sheet date.

Adjusted for the dividends collected from ProSiebenSat.1 Media AG (€ 23.1 million) in 2007, the Digital Media segment's EBITDA increased from € 12.6 million (EBITDA reported in 2007, including dividends from ProSiebenSat.1 Media AG: € 36.7 million) to € 20.9 million in 2008. Excluding the change in Doğan TV Holding A.S.'s net investment income of € – 21.9 million resulting from exchange rate effects, the increase in net profit or loss would have been significantly higher.

Services/Holding

The Services/Holding segment includes Axel Springer's own newspaper printers, the 25.1 % equity interest in the joint rotogravure venture PRINOVIS, as well as the Logistic & Services and Holding divisions.

The Logistic & Services division, to which the company's logistical activities, the package delivery business, the market analysis activities, customer management, the cooperation with retail partners, its holdings in wholesale press distribution companies and import companies in Eastern Europe, and the 55 %-subsidiary ims belong, has been in place since the beginning of 2008. ims is one of the largest service providers specializing in the procurement of media (newspapers, magazines, books, etc.) in Germany. In 2008, Axel Springer succeeded in expanding its press distribution network by taking over supplying the discount chain store Aldi Nord with an assortment of newspapers and magazines. Overall, the number of sales points in Germany offering print titles from Axel Springer increased slightly to 121 thousand (PY: 120 thousand).

In 2008, excess capacities and falling prices also resulted in an intensely competitive market environment for printing companies. Measured on paper throughput, we succeeded in increasing contract printing orders by 3.6 %, which generated a share of 19.7 % (PY: 18.4 %) of total printing company revenues. The paper throughput in the newspaper printing companies in 2008 amounted to almost 200 thousand (PY: 203 thousand) tons.

We were able to successfully conclude the negotiations with all works councils at the newspaper printing companies in Ahrensburg, Berlin-Spandau, and Essen-Kettwig to reduce the number of personnel required for the rotary presses. Thus, the profitability of these plants improved and the costs for printing our own newspapers decreased. In connection with the printing companies' high technical standards with their maximum of quality and flexibility, the negotiated agreements also increase the competitiveness of Axel Springer printing companies in the area of contract printing and thus contribute significantly to safeguarding the locations and employment.

The joint rotogravure venture PRINOVIS closed the printing company in Darmstadt at the end of 2008. The rotogravure market was characterized by excess capacities and significant downward price pressure in 2008. In addition, expenses increased – in particular for paper and energy consumption. As a result of closing the printing company in Darmstadt, PRINOVIS achieved a more efficient cost structure.

Key Figures Services/Holding

in € millions

	2008	2007	Change
External revenues	**99.0**	**83.4**	**18.6%**
Share in cons. revenues	3.6 %	3.2 %	
Internal revenues	319.4	324.2	– 1.5 %
Segment revenues	418.4	407.6	2.6 %
EBITDA[1)]	**– 0.2**	**– 15.1**	**-**

[1)] This figures contains investment income of € 2.7 million (PY.: € – 0.3 million).

With € 99.0 million, the segment's external revenues considerably exceeded those of the previous year (PY: € 83.4 million) by 18.6 %, mainly because of the subscription business recently contributed to the subsidiary ims by PVG Pressevertriebs-Gesellschaft KG. Axel Springer's newspaper printing companies generated slightly increased contract order revenues year-on-year in the business with external customers.

The Services/Holding segment's EBITDA improved significantly to € – 0.2 million (PY: € – 15.1), driven by lower expenses for transactions, processes, and restructuring measures, which overcompensated the decreases in net profit of loss from income attributable to the Kirch insolvency (2008: € 6.2 million; PY: 3.0 million). Net investment income of the rotogravure printing company PRINOVIS was impacted as in 2007 by restructuring expenses.

With € – 45.7 million (€ – 45.5 million), the EBITA was nearly unchanged. The EBITA 2007 included a non-recurring positive effect from a restructuring-related reversal of impairment on real estate in the amount of € 15.8 million.

Financial situation and balance sheet

Financial situation

Financial management

The financing of the Axel Springer Group is provided centrally to ensure that all companies of the Group have adequate liquidity at all times. As a rule, Axel Springer AG provides all financing for the Group companies. The overriding goal of financial management is to provide cost-effective liquidity by means of structurally appropriate financing. Liquid assets are invested with the aim of earning an appropriate return.

Net liquidity

in € millions

	2008	2007
Cash and cash equivalents	154.5	198.1
Financial liabilities	524.0	941.1
Net liquidity	**– 369.5**	**– 743.1**

As of December 31, 2008, Axel Springer had a net debt of € 369.5 million (PY: € 743.1 million). The cash and cash equivalents decreased by € 43.5 million, while the financial liabilities decreased by € 417.1 million to € 524.0 million. The financial liabilities were reduced mainly by receipt of the purchase price from the sale of shares in ProSiebenSat.1 Media AG. The high level of 2007 was the result of increased financing requirements for acquisitions. Furthermore, there were short and long-term credit facilities at the end of 2008 totaling € 1,095.0 million (PY: 685.0 million) that were not drawn down. The credit facilities can be used both for general operating purposes as well as for the financing of acquisitions.

Cash flow development and investments

In the 2008 fiscal year, the cash flow resulting from ongoing operations amounted to € 265.1 million compared to € 283.1 million in the 2007 fiscal year. With an EBITDA which increased by € 16.2 million, this decline can be attributed mainly to the negative development of the working capital. In particular, trade payables decreased as a result of rescheduled payment runs and fewer purchased services. Payments from the Kirch insolvency decreased by € 20.6 million, offset by positive effects recorded from income tax paid (€ 26.9 million).

Consolidated Cash Flow Statement (Condensed)

in € millions

	2008	2007
Cash flow from continuing operations	265.1	283.1
Cash flow from investing activities	300.6	– 1,392.4
Cash flow from financing activities	– 612.2	747.1
Change in cash and cash equivalents	**– 46.4**	**– 362.2**
Cash and cash equivalents at December 31	154.5	198.1

The cash flow from investing activities amounted to € 300.6 million (PY: € – 1,392.4 million). The high cash outflow in 2007 was mainly the result of payments for the acquisition of shares in the PIN Group AG, ZANOX.de AG, Axel Springer Schweiz AG (formerly Jean Frey AG), auFeminin.com S.A., as well as the 25 % equity interest in Doğan TV Holding A.S. In 2008, the cash inflow resulting from the receipt of the purchase price for the shares in ProSiebenSat.1 Media AG sold was offset by the payments for the acquisition of minority interests in BILD digital GmbH & Co. KG (formerly: T-Online.de AG & Co. KG), auFeminin.com S.A., and for the acquisition of around 33.3 % of shares in StepStone ASA, Oslo/Norway.

The cash flow from financing activities amounted to € – 612.2 million (PY: € – 747.1 million). The main reasons for the decrease are the repayment of liabilities to banks after receiving the purchase price for shares in ProSiebenSat.1 Media AG sold, the payment of higher dividends for 2007 than for 2006, as well as the purchase of treasury shares. In 2007, the positive cash flow resulted from the drawdown of credit lines to finance acquisitions.

The net balance of cash flows from operating, investing and financing activities amounted to € – 46.4 million (PY: € – 362.2 million). Cash and cash equivalents (liquid assets and marketable securities carried as current assets) amounted to € 154.5 million (PY: € 198.1 million) as of December 31, 2008. The Axel Springer Group does not engage in off-balance sheet financing activities.

Balance sheet

Consolidated Balance Sheet (Condensed)

in € millions

	12/31/2008	12/31/2007
Non-current assets	1,719.3	2,247.0
Current assets	1,093.3	1,580.0
Assets	**2,812.6**	**3,826.9**
Equity	1,060.3	1,211.8
Non-current liabilities	1,052.9	1,509.7
Current liabilities	699.5	1,105.4
Equity and liabilities	**2,812.6**	**3,826.9**

Consolidated balance sheet total as of December 31, 2008, decreased year-on-year (PY: € 3,826.9 million) by € 1,014.3 million or 26.5 % to € 2,812.6 million.

The decrease in non-current assets of € 531.6 million (– 24.3 %) to € 1,655.2 million was mainly the result of the sale of the 5.1 % equity interest in Doğan TV Holding A.S. as well as a series of investments in regional newspapers and the associated reclassification of financial investments totaling € 474.5 million to available-for-sale assets. The remaining investment in Doğan TV will again be presented under financial investments after completion of the transaction. Furthermore, impairments totaling € 94.4 million were recognized in particular relating to the investment in PRINOVIS (€ 60.0 million) and the rights to titles (€ 26.0 million).

These were offset by the € 33.3 million increase in intangible assets, based above all on business acquisitions in 2008, and the € 34.8 million acquisition of around 33.3 % of shares in StepStone ASA, Oslo/Norway.

Current assets decreased by € 486.6 million (– 30.8 %) to € 1,093.3 million, affected in particular by the sale of shares in ProSiebenSat.1 Media AG and the deconsolidation of the PIN Group. The resulting decrease in available-for-sale assets was partially offset by the reclassification to available-for-sale assets. Furthermore, current tax claims decreased as a consequence of tax refunds for 2007 and the payment of the first installment of corporate income tax credits. The decrease in other financial assets was mainly the result of the write-down recognized on the carrying amount of call options granted by H&F Rose Partners, L.P. and H&F International Rose Partners, L.P. in 2008.

Equity amounted to € 1,060.3 million at the balance sheet date and thus was down € 151.5 million (– 12.5 %) year-on-year. The equity ratio increased to 37.7 % (PY: 31.7 %) The decrease in equity was the result mostly of the payout of dividends for 2007, the purchase of treasury shares, and the equity offsets not affecting profit or loss related to the purchase of non-controlling interests.

Non-current provisions and liabilities decrease by € 456.8 million (– 30.3 %) to € 1,052.9 million in particular as a result of the repayment of liabilities to banks after receiving the purchase price for shares in ProSiebenSat.1 Media AG sold.

The current provisions and liabilities decreased by € 405.9 million (– 36.7 %) to € 699.5 million, mainly as a result of the deconsolidation of the PIN Group. The decrease in other provisions was mainly the result of reduced provisions for structural measures, taxes, and litigation risks. Rescheduled payment runs and fewer purchased services led to a decrease in trade payables. In addition, tax liabilities related to previous years were paid.

Economic position of Axel Springer AG

Key Figures for Axel Springer AG

in € millions	2008	2007	2006	2005	2004
Revenues	1,673	1,669	1,710	1,697	1,804
Net profit for the year	196	148	246	143	121
Transfer to retained earnings[1)]	104	25	139	91	80
Total dividends	131	122	107	52	44
Dividend per share (in €)[1)]	4.40	4.00	3.50	1.70	1.45

1) The amount of the dividend for 2008 and the appropriation to the other retained earnings reserves (after deduction of the advance appropriation of € 89.1 million) are subject to the condition of approval by the annual shareholders' meeting.

Overview

Axel Springer AG, based in Berlin, is the parent company of the Axel Springer Group. The Management Board of Axel Springer AG is also the managing body of the Group.

The Group's essential print publications such as the BILD Group, the WELT Group, the HAMBURGER ABENDBLATT, TV DIGITAL, and HÖRZU, as well as other titles in the newspapers and magazines division, are edited and circulated by Axel Springer AG. Newspapers are produced in Axel Springer's own printing companies at the locations Ahrensburg, Berlin, and Essen, as well as in external printing companies.

In addition, Axel Springer AG maintains numerous supplier and service relationships with subsidiaries and associates. Purchased services mainly include printing services, administrative services, property management, direct marketing, editorial services, and circulation and insurance services. Services rendered include the supply of publishing products, paper deliveries, as well as general administrative and IT services.

As a rule, Axel Springer AG provides all financing for the Group companies.

A series of German Group companies have concluded profit transfer agreements with Axel Springer AG, whereby their profits are promptly collected by Axel Springer AG.

The following disclosures are related to the annual financial statements of Axel Springer AG, which – as opposed to the consolidated financial statements based on IFRSs – were prepared in accordance with German Commercial Law (HGB).

Financial performance

In the 2008 fiscal year, Axel Springer AG generated revenues of € 1,673.3 million which were nearly unchanged year-on-year. It was possible to compensate decreasing advertising revenues by increased circulation revenues. Gross profit decreased considerably by € 477.9 million to € 1,366.9 million. The main reason for this decline was a non-recurring gain totaling € 470.0 million earned in 2007 from the sale of shares in SAT.1 Beteiligungs GmbH to a subsidiary. In contrast, net profits increased by € 48.6 million to € 196.4 million. In the 2007 fiscal year, net profit or loss was significantly impacted by the impairments to the carrying amounts of investments in PIN Group AG as well as by loans that were granted to PIN Group AG. These effects totaled € 548.8 million. The 2008 annual financial statements include an expense amounting to € 37.8 million from the fair value measurement of treasury shares.

Income Statement of Axel Springer AG (Condensed)

in € millions

	12/31/2008	12/31/2007
Revenues	**1,673.3**	**1,669.1**
Other internal costs capitalized	3.0	3.5
Other operating income	176.0	684.8
Purchased goods and services	– 485.4	– 512.5
Gross profit	**1,366.9**	**1,844.8**
Personnel expenses	– 452.4	– 455.6
Amortization, depreciation, and impairments	– 45.3	– 54.3
Other operating expenses	– 542.6	– 596.5
Net investment income	– 25.7	– 514.0
Net interest income/expenses	– 16.1	– 8.6
Income from ordinary activities	**284.9**	**215.8**
Taxes	– 88.6	– 68.0
Net profit/loss for the year	**196.4**	**147.8**
Asset reduction due to retirement of shares	0.0	– 55.4
Withdrawals from the reserve for treasury shares	37.8	55.4
Income from the capital reduction	0.0	3.1
Appropriation to additional paid-in capital as per regulations applicable to simplified capital reduction	0.0	– 3.1
Appropriation to other retained earnings	– 89.1	– 15.9
Unappropriated net profit	**145.1**	**131.9**

Balance sheet

Equity increased by € 74.0 million to € 913.1 and thus amounted to 56.2 % of the carrying amount of non-current assets (PY: 57.5 %). Non-current assets increased by € 165.1 million to € 1,625.3 million as a result of the acquisition of additional shares in subsidiaries as well as shares in StepStone ASA. Current assets decreased by € 464.5 million to € 796.8 million, the reason being the receipt of payment from the sale of shares in SAT.1 Beteiligungs GmbH and the subsequent repayment of financial liabilities. The decrease in provisions of € 55.4 million to € 451.6 million was mainly the result of reduced provisions for structural measures, partial retirement, outstanding invoices, taxes, and litigation risks. Liabilities (including deferred income) decreased by € 318.0 million to € 1,057.3 million mainly as a result of the € 413.6 million repayment of financial liabilities. In contrast, liabilities to associates increased by € 164.6 million to € 424.1 million as a result of cash investments by subsidiaries in connection with cash pooling.

Financial situation

Net debt – liabilities to banks less liquid assets – decreased by € 371.3 million to € 378.0 million. In addition, at the end of 2008 there were short and long-term credit facilities totaling € 1,095.0 million (PY: 685.0 million) that were not drawn down. The credit facilities can be used both for general company purposes as well as for the financing of acquisitions.

Balance Sheet of Axel Springer AG (Condensed)

in € millions

	12/31/2008	12/31/2007
Intangible assets	35.6	30.2
Property, plant, and equipment	238.4	265.7
Non-current financial assets	1,351.3	1,164.3
Non-current assets	**1,625.3**	**1,460.2**
Inventories	34.4	29.9
Receivables and other assets and prepaid expenses	524.3	966.5
Treasury shares and securities	169.5	153.8
Cash and cash equivalents	68.7	111.1
Current assets	**796.8**	**1,261.3**
Total assets	**2,422.0**	**2,721.4**
Equity	913.1	839.1
Provisions	451.6	507.0
Liabilities and deferrals	1,057.3	1,375.3
Total equity and liabilities	**2,422.0**	**2,721.4**

Proposed utilization of unappropriated net profit

The annual financial statements of Axel Springer AG, which were prepared in accordance with German commercial law and German laws applicable to stock corporations, show an unappropriated net profit of € 145,112,000 (PY: € 131,920,000) for the fiscal year 2008.

The Management Board, with the approval of the Supervisory Board from the annual shareholders' meeting on April 23, 2009, proposes a dividend distribution of € 4.40 (PY: € 4.00) for each qualifying share. This corresponds to a distribution of € 130,603,700 from the fiscal year unappropriated net profit. The remaining amount of € 14,508,300 will be transferred to other retained earnings reserves. The Company's treasury shares do not qualify to receive dividends. The number of shares that qualify to receive dividends can change before the annual shareholders' meeting. In this case, an appropriately adjusted proposal for the utilization of the unappropriated net profit will be submitted to the annual shareholders' meeting, without changing the proposed distribution of € 4.40 per qualifying share.

The Axel Springer share

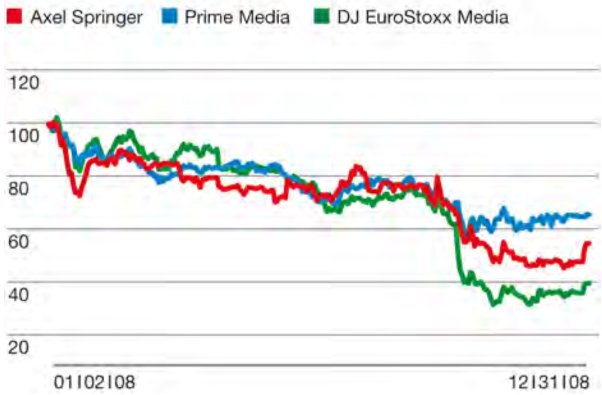
Share price performance

The Axel Springer share was not immune to the very difficult stock market environment in 2008. The banking crisis and the global economic slowdown provoked substantial share price losses in the international stock markets. The main index of the German stock market, the DAX, lost 40.4 % of its value, while the MDAX and SDAX indexes, which comprise the shares of smaller and mid-sized companies, lost 43.2 % and 46.1 % of their values, respectively, during the course of 2008. Media stocks also sustained share price losses. The emerging recession caused the advertising market to weaken as well. The DJ EuroStoxx Media Index, which tracks the share prices of European media companies, posted a 34.5 % decrease, and the Prime Media Index of Deutsche Börse AG, which is geared to the German market, a 60.6 % decrease in 2008.

Index Comparison Total Market

The Axel Springer share lost 47.5 % of its value in 2008. After reaching its high for the year of € 91.00 in January, it fell as low as € 42.10 at times later in the year. The Axel Springer share closed the year at € 51.39. The company's market capitalization (based on the 2008 closing price) was € 1.7 billion, making it the third-biggest stock in the SDAX.

Index Comparison Media



Share buy-back program

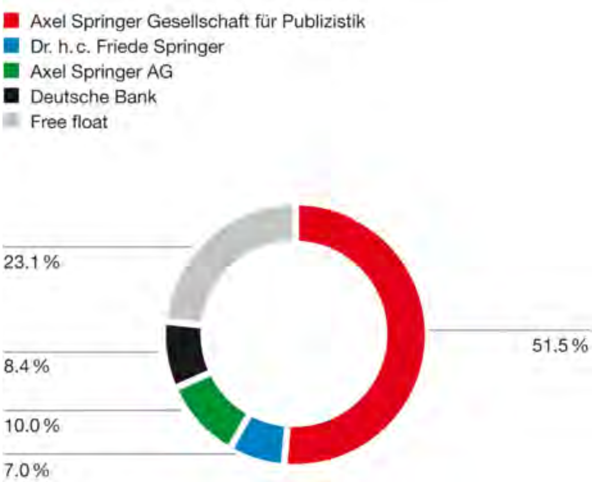
Taking advantage of the company's low indebtedness and favorable share price in 2008, Axel Springer conducted a share buy-back program in the period from June 25 to July 25. The offer price reflected a premium of 17.7 % over the average closing price of the three trading days preceding the announcement of the offer. A total of 3,553,698 shares were offered to the company for sale.

Of the offered shares, a total of 917,341 were purchased, corresponding to 2.78 % of the capital stock and voting rights (excluding the treasury shares already held). In accordance with the offering conditions, the preferential acceptance letters for up to 50 shares each were honored in full, while the other acceptance letters were honored at an allotment rate of 24.17 %. Upon the completion of the buy-back offer, Axel Springer AG held a total of 3,297,341 treasury shares, corresponding to nearly 10.0 % of the company's capital stock and voting rights. Because the treasury shares do not carry voting rights in favor of the company, the total number of voting shares was reduced to 29,682,659 as a result of the share buy-back program. The Management Board and Supervisory Board of Axel Springer AG did not participate in this program.

Shareholder structure

The company's shareholder structure underwent a change in 2008 (see the diagram). Following the execution of the share buy-back program, Axel Springer AG held treasury shares equal to nearly 10.0 % of the company's capital stock at December 31, 2008 (PY: 7.2 %). Dr. h. c. Friede Springer increased her shareholding to 7.0 % (PY: 5.2 %). On December 15, the U.S. financial investor Hellman & Friedman reduced its holding from about 9.9 % to about 1.6 %. On December 15, Deutsche Bank purchased a share of about 8.3 % of Axel Springer AG. About 23.1 % (PY: 26.2 %) of the company's shares were widely held at the end of 2008.

Shareholder Structure



Investor relations

Axel Springer's goal is to continually provide comprehensive, timely, and consistent information on all significant events and developments relevant to an evaluation of the company's current and future business performance to all interested stock analysts, individual investors, and institutional investors. To achieve this goal, the company intensified its investor relations activities in 2008 and enhanced their transparency. To provide even better information to investors about the economic performance of the individual business units, the company presented the core elements of its business strategy (market leadership in the core business of German-language media, internationalization, and digitization) for the first time without overlaps in a reformatted segment report. In this regard, Axel Springer has applied the new accounting standard IFRS 8 Operating Segments in its segment reporting since the first quarter of 2008. In the Digital Media segment, the classification of advertising revenues and other revenues was revised on the basis of more detailed criteria in 2008.

The Management Board presented the business performance and strategy of Axel Springer in numerous one-on-one meetings, at 14 road shows and nine investor conferences in Germany and abroad. Axel Springer organized a Capital Markets Day again in 2008, which was very well received. More than 30 capital market participants from Germany and abroad attended this full-day event in Berlin. Also, Axel Springer broadcast the event on the Internet for the first time. In September, the Axel Springer share was discussed and evaluated for the first time in a study conducted by stock analysts of the U.S. investment bank Goldman Sachs. In October, the share was covered by Sal. Oppenheim for the first time and the research team of JPMorgan resumed its coverage. At the end of 2008, the Axel Springer share was covered by Deutsche Bank, Dresdner Kleinwort, DZ Bank, Goldman Sachs, JPMorgan, Main First, Société Générale, and Sal. Oppenheim.

The latest roadshow presentation was always posted in the Investor Relations section of the company's website so that all interested investors could access the same information. Again in 2008, Axel Springer conducted numerous conference calls, audio recordings of which were posted on the company's website. Since the third quarter of last year, moreover, Axel Springer has made such information available to interested parties on its website on a real-time basis. In connection with the relaunch of the company website www.axelspringer.de, we completely revised the content and structure of the Investor Relations section to make it easier for investors to use it.

Share information

in €

	2008	2007	Change
Earnings per share (basic)	18.58	– 9.78	-
Earnings per share (diluted)	18.54	– 9.70	-
Dividends[1]	4.40	4.00	10.0%
Year-end share price	51.39	98.00	– 47.6%
Highest price	94.73	145.00	– 34.7%
Lowest price	42.50	96.50	– 56.0%
Average price	68.03	126.08	– 46.0%

[1] Dividend proposal for fiscal year 2008.

Information on listing

Share type	Registered share with restricted transferability
Stock exchange	Frankfurt (official market)
Stock exchange segment	Prime Standard
Security Identification Number	550 135, 575 423
ISIN	DE0005501357, DE0005754238
Reuters	SPRGn.F
Bloomberg	SPR GY

Annual shareholders' meeting

The annual shareholders' meeting of Axel Springer AG was held in Berlin on April 24, 2008, and was attended by 262 shareholders. All the management proposals, including the proposed utilization of the unappropriated net profit, were approved with majorities of 99.79 % to 99.99 % of the shareholders present and represented at the meeting, who represented 80.32 % of the company's capital stock. A dividend of € 4.00 (PY: € 3.50) per qualifying share was paid for the 2007 fiscal year. Thus, the total dividend pay-out amounted to € 122.4 million. The treasury shares held by the company do not qualify for dividends.

Ongoing recissory actions / action seeking disclosure

On May 24, 2006, Dr. Oliver Krauß filed an action to nullify the resolutions of the annual shareholders' meeting of April 27, 2006 relating to Agenda Item 3 (Ratification of the actions of the Management Board), Agenda Item 4 (Ratification of the actions of the Supervisory Board), and Agenda Item 6 (Authorization to purchase and use the company's own shares according to Section 71 (1) (8) AktG). Pomoschnik Rabotajet GmbH joined the action before the Berlin Regional Court (Case No. 93 O 86/06) on the side of the plaintiff. Following the oral proceedings of April 26, 2007, the Berlin Regional Court dismissed the action and assigned the costs to the plaintiff. On June 12, 2007, the plaintiff filed an appeal with the Berlin Appellate Court against this judgment of the Berlin Regional Court (Case No. 23 U 88/07.). The appeal was denied and the costs were assigned to the appellant by the judgment of May 26, 2008. The appeal against this denial of appeal was allowed only to a limited extent, with regard to Agenda Item 4 (Ratification of the actions of the Supervisory Board). Thereupon, the plaintiff filed an appeal with the Federal Supreme Court against the judgment of the Berlin Appellate Court (Case No. II ZR 174/08) and, to the extent that the appeal was not allowed, the appellant also filed an appeal against denial of leave to appeal.

On May 18, 2007, Dr. Oliver Krauß filed an action to nullify the resolutions of the annual shareholders' meeting of April 19, 2007 relating to Agenda Item 3 (Ratification of the actions of the Management Board), Item 4 (Ratification of the actions of the Supervisory Board), and Item 8 (Special authorization to purchase and use the company's own shares according to Section 71 (1) (8) AktG in connection with the Management Participation Program). Mr. Frank Scheunert joined this action pending before the Berlin Regional Court (Case No. 95 O 51/07) on the side of the defendant. By judgment of November 1, 2007, the action was dismissed and the costs were assigned to the plaintiff. Dr. Krauß filed an appeal with the Berlin Appellate Court against the judgment of dismissal (Case No. 23 U 188/07). The appeal was denied and the costs were assigned to the appellant in the oral proceedings of July 7, 2008. An appeal against the denial of appeal was not allowed. Also in this matter, the plaintiff filed an appeal against denial of leave to appeal with the Federal Supreme Court (Case No. II ZR 223/08).

By way of an action for information according to Section 132 AktG of May 8, 2008, Dr. Oliver Krauß filed a motion to place the Management Board under the obligation to provide information about his questions that were allegedly not answered at the 2008 annual shareholders' meeting. The oral proceeding before the Berlin Regional Court (Case No. 90 O 40/08) took place on October 27, 2008. In a partial ruling of the same date, the competent division for commercial matters of the Berlin Regional Court found the action for information to be partially resolved in the main issue and dismissed the action for information with respect to the majority of the questions in dispute. In its final ruling of December 22, 2008, the Berlin Regional Court dismissed the action for information also with respect to the remaining questions in dispute. The plaintiff filed an appeal with the Berlin Appellate Court against the partial judgment dated October 27, 2008 (and against the final ruling dated December 22, 2008) (Case No. 23 W 69/08 and 23 W 7/09).

On May 20, 2008, Dr. Oliver Krauß filed another action to nullify the resolutions of the annual shareholders' meeting of April 24, 2008 relating to Agenda Item 2 (Utilization of the unappropriated net profit), Agenda Item 3 (Ratification of the actions of the Management Board), and Agenda Item 4 (Ratification of the actions of the Supervisory Board), and Agenda Item 7 (Special authorization to purchase and use the company's own shares according to Section 71 (1) (8) AktG in connection with the Management Participation Program). On May 26, 2008, moreover, the shareholder Klaus Zapf filed an action to nullify, or failing that, to annul the resolution of the annual shareholders' meeting of April 24, 2008 relating to the Agenda Item 3 (Ratification of the actions of the Management Board). The Berlin Regional Court combined the two actions into one (Case No. 98 O 49/08). The shareholders Oliver Wiederhold, Gastro Beteiligungs AG, and SCI AG joined the action on the side of the defendant. The oral proceedings took place before the Berlin Regional Court on February 24, 2009. The date of announcement of the decision has been set for March 17, 2009.

Risk and opportunities report

Risk assessment

The fundamental risk policy principles of the Axel Springer Group dictate that risks may only be incurred if they enable the company to take advantage of additional income opportunities and thereby increase its business value. Appropriate measures are taken to reduce every risk to an acceptable level or transfer it to third parties if economically feasible. Axel Springer's risk policy principles are set forth in a corporate directive that applies to all entities of the Group.

Risks are monitored and managed with the aid of various interlocking systems, as described below. As part of the overall management process, general market and revenue risks are identified and managed in connection with the monitoring of revenue, quantities, and costs in the budget and forecast process, as well as the reporting system. Risks related to capital expenditures, projects, and acquisitions are identified and assessed in advance as part of investment planning; thereafter, they are tracked in the reporting system. In addition, Axel Springer has implemented a risk management program within the meaning of section 91 (2) of the German Stock Corporation Act (AktG) that identifies all other risks.

The overall responsibility for risk management lies with the Management Board, whereas the respective divisions or Group companies are responsible for the operating processes of early detection, assessment, management, and documentation of risks, as well as the adoption and execution of suitable countermeasures and the communication thereof. Furthermore, a central risk manager coordinates all risk management activities, aggregates the risks at the Group level, reviews the plausibility and completeness of the reported risks, and assumes responsibility for continuously improving the risk management system. In addition, the Internal Audit Department and the independent auditor (in the context of annual audits) serve as independent control instances to ensure the completeness and compliance of the risk management system.

A comprehensive survey of risks is conducted once a year, at which time the risk inventory is updated. In addition, risks to the company as a going concern as well as risks identified as significant or worthy of monitoring and the corresponding countermeasures are reviewed during the course of the year in connection with ad hoc risk surveys, and their assessment is adjusted to the current risk situation. Any potential risks to the company as a going concern are reviewed by Axel Springer AG and the individual subsidiaries applying the criterion of net loss and its effect on the Group's financial position and cash flow. Risks are classified as significant, worthy of monitoring, or as other risks based on the criterion of net expected loss, whereby the effect of risk-mitigating countermeasures on the potential loss and the risk-related expected value are taken into account.

The following risks could pose a threat to the company as a going concern or significantly influence the company's financial position and performance as well as its cash flow:

Terrorism risks

Risks to Axel Springer AG as a going concern include the risk of the complete destruction of its corporate headquarters and the printing plants as a result of terrorist attacks. For this reason, a corresponding insurance policy was concluded in 2004. Nevertheless, there is still a residual risk that could represent a threat to the company as a going concern in an extreme case. To improve the security situation with respect to the publishing house headquarters and printing plants, appropriate steps were taken in the form of access controls, video surveillance, contingency plans, and other measures.

Market risks and competition risks

Although Germany's economy still appeared to be robust in the first half of 2008, the economic situation worsened considerably afterwards in the course of the global financial market crisis. The ifo Institute expects this development to continue to worsen in the coming year. As a worst case scenario, the institute is assuming a drastic economic downturn and a deep recession. Consequently, there is the risk of a significant worsening of the revenue situation, in particular in the form of sinking advertising revenues. As a result of this forecast, the outlook for private consumption, which significantly affects the company's net profits, also cannot be positively estimated for 2009. At best, the press distribution market can only be expected to develop modestly. Modest development can also be expected for the important classified ad business, owing to the forecast of negative development on the labor market. Furthermore, the general market situation will continue to be characterized by intense competitive pressure.

As a result of new competitive titles and formats entering the market, in particular in the form of complementary newspapers and magazines, there is also the risk of the loss of revenues and market share in the circulation and advertising business. Changing consumption and reading habits, above all related to demographic shifts, aggravate this risk even further. In addition, there are uncertainties resulting from the increased competition of classic print media with other types of media. For example, the continuing expansion of the Internet can result in a further shift in customer preferences as well as in further structural shifts in the advertising market. This could lead to further reductions in newspaper and magazine revenues.

In this context, the high share of overall Group revenues on the part of BILD and the BILD family also poses a risk. BILD's paid circulation has been declining overall in recent years. Furthermore, a significant portion of Axel Springer AG's high revenue newspaper and magazine titles are supported by the strong recognition and brand familiarity of the BILD family. It cannot be ruled out that the success of the BILD titles could be permanently impacted by external factors, which would also impact the financial position, financial performance, and cash flow.

These general market risks are monitored and managed above all in connection with the operational management of the company. In order to counter these market risks in 2008, Axel Springer AG continued to pursue its strategy of market leadership in the core business of German-language print media as well as its strategy of internationalization and digitalization, and will continue to consistently pursue these strategies in 2009. In this regard, Axel Springer continues to place a high priority on expanding its existing activities in Germany in a targeted manner, adapting its business to suit changing customer demands, and developing innovative new activities. In addition, the company engages continually in various price incentives and/or product campaigns to ensure that its products remain attractive for existing and potential customers. Such measures include, for example, sales-promoting give aways and special inserts offered at an extra cost, such as CD-ROMs, audiobooks, DVDs, etc.

To further reduce the market risks, Axel Springer continues to consistently pursue its strategies of internationalization and digitalization (please also refer to the comments regarding the Print International segment on pages 48 f. and regarding the Digital Media segment on pages 51 f. Axel Springer is responding to the changes in the media world by making significant investments in acquisitions and business start-ups and by expanding its existing web portals, thereby improving the cross-media connectivity and integration of the various print and online offerings of the Group.

Political and legal risks

The political and legal risks facing the company mainly consist of the advertising restrictions and prohibitions enacted by the European Union. Now that the Tobacco Advertising Directive has been introduced into German law on the initiative of the EU Commission, the risk of further restrictions continues to exist. It has to be taken into account that the advertising prohibition against tobacco products in print media, radio, television, and the internet could be extended to cover other products as well (alcohol, fast food, etc.). Also, the possibility that EU regulations would be introduced to restrict the design of automobile ads cannot be ruled out. Such advertising prohibitions in print media and the internet would cause advertising revenues to decline.

Risks related to the implementation of the International Social Policy

In view of the Group's growing international presence, the Axel Springer Group has adopted a catalog of social standards, known as the International Social Policy, as a binding guideline for social integrity, applicable to all of the Group's activities throughout the world. Inadequate compliance with the International Social Policy, whether in connection with the procurement of advertisements, product supplements, merchandising, or the sale of title licenses, could potentially cause great harm to the company's reputation.

Strategic and other risks

Strategic risks arise primarily from the possibility that the Group would invest concepts and companies that prove to be unsuccessful in the long term, which would impact net financial income and impair the Group's intangible assets. In this context, in particular, equity investment risks must be taken into consideration. If the development of revenues and net income from equity investments – in particular as a result of the financial market and economic crisis – were to develop significantly worse than planned, it could become necessary to recognize impairments in connection with the impairment test. In the most extreme theoretical case, the complete write-off of all of a subsidiary or associate's assets could pose a risk to Axel Springer as a going concern. In particular, the active management and permanent monitoring of equity investments serves to minimize such risk. Furthermore, risks can arise from ongoing court proceedings. To account for such risks, the company recognizes provisions for litigation costs. Also, the loss of major customers could likewise have an adverse impact on the Group's net profits and business activities. Various customer loyalty measures, among other things, are conducted as a means of avoiding this risk. Additionally, violations of confidentiality agreements or insider trading regulations could possibly entail financial and legal consequences and/or damage the reputation of the Group or its properties. Inspection mechanisms and coordination rules, among other things, represent risk-minimizing measures in this regard.

Financial risks

The financial risks that are relevant to the Axel Springer Group include, in particular, interest rate risk and currency risk. Interest rate risk can arise from financial liabilities with variable interest rates and capital investments bonds. Currency risks arise in connection with revenues and net investment income in foreign currencies. To limit its exposure to interest rate risk, the Group has established principles that serve to regulate and ensure compliance with loss limits on its capital investments. In addition, these risks are hedged by employing various kinds of interest rate derivatives.

Significant financing risks as a result of the global financial crisis are not evident for the Axel Springer Group, because the credit line totaling € 1.5 billion granted in connection with the safeguarding of liquidity has been approved for the long-term by the participating banks and does not include unilateral termination rights. Currently, the Axel Springer Group is not exposed to any price change or default risks, nor risks arising from fluctuations in cash flow.

Overall risk assessment

Terrorism risks and the risk of a complete write-off of all investment-related assets – as described above – have been identified as theoretical risks to the company as a going concern. Both risks exhibit a very low probability of occurrence. In addition, no further risks that could endanger Axel Springer as a going concern are foreseeable. Currently, no risk concentrations or interdependencies that could have a significant influence on the company's financial position, financial performance, and cash flow are evident – with the exception of the threat of further drastic worsening of the financial market and economic crisis in the global economy. Therefore, the Axel Springer Group's risk assessment has not changed significantly compared to the previous year.

Assessment of opportunities

Market opportunities

If the economy were to perform better than currently forecasted, this would have a positive effect on the Axel Springer Group's circulation and advertising revenue situation. An overall negative development presents the possibility of competitors withdrawing from the market in connection with a market adjustment, thereby improving the market position of our properties and operations in the long term. Furthermore, there is the possibility of acquiring companies at lower fair value measurements. Additional circulation and advertising revenues can rise in particular, from the major events of 2009 – especially in sport-related media: the Track and Field World Championships in Berlin and the Confederations Cup in South Africa. Events such as the 20th anniversary of the Fall of the Berlin Wall and the 60th anniversary of the Federal Republic of Germany also offer additional potential for revenues.

Political opportunities
Changes in the regulatory environment, such as changes in media concentration laws and an amendment of anti-trust regulation via reformation of the Gesetz gegen Wettbewerbsbeschränkungen (GWB) (*Law Against Restraints on Competition*), can present Axel Springer with additional opportunities to generate revenues.

Strategic opportunities
The successful internationalization of Axel Springer through the development and expansion of its presence in robustly growing foreign markets offers opportunities to increase revenues and net profits. Above all, the capital expenditures in Turkey and Poland are to be regarded in this light. In implementing its internationalization strategy, the company has the crucial advantage over its competitors of having already attained strong market positions in many countries – even leading positions in numerous segments. The digitalization strategy offers particularly great opportunities of generating additional revenues via the dynamic development of revenues in the online advertising market. Axel Springer takes advantage of this market development through the swift and consistent combination of print and online offerings, the acquisition of equity investments, by entering into cooperation agreements, and by continually expanding and modernized existing and newly acquired portals.

Opportunities arising from marketing
The central marketing unit, Axel Springer Media Impact, is one of the farthest-reaching cross-media marketers in Europe, whereby Axel Springer is in a good starting position in the competition for the largest TV advertising budget.

Financial opportunities
In the event of falling interest rates in the capital markets, interest expense for the portion of drawn-down credit not hedged against interest rate risk could decrease even further.

Events after the balance sheet date

On February 4, 2009, the sale of a series of equity interests in the regional newspaper publishing companies Madsack and Lübecker Nachrichten was contractually agreed. With the sale of these minority interests, the Axel Springer Group is focusing consistently on the business with the Group's own newspapers, the multimedial expansion of its core markets, and the acquisition of online growth businesses. The purchase price amounts to a total of € 310.0 million. Around half of the purchase price has been deferred and will fall due successively in the period between 2011 and 2016. The validity of the purchase is subject to the approval of the anti-trust authorities.

On November 27, 2008, Commerz-Film GmbH, Berlin, a subsidiary of Axel Springer AG, entered into a purchase agreement with Doğan Sirketler Grubu Holding A.S. for the purchase of 78 million shares of Doğan Yayin Holding A.S. at a price of € 47 million. The share purchase agreement has not yet been finalized. Based on a tax audit of Doğan Yayin Holding A.S. for the years from 2003 to 2006, the Turkish tax authorities assessed various subsequent tax payments and ancillary tax costs in the total amount of TRY 826 million on February 17, 2009. The financial effects on the Axel Springer Group could not yet be determined at the time of preparing the financial statements for the 2008 fiscal year.

Outlook

General economic environment

According to forecasts, the global economy will worsen considerably in 2009. The financial market crisis has jumped over to the real economy. The earnings outlook and the financing conditions have worsened considerably for companies, which have responded by scaling back capital expenditures. Consumer spending propensity on the part of private households is expected to be slowed by unemployment, which is once again rising. In contrast, the relaxation of crude oil prices and low interest rates will likely provide some relief for the global economy. The International Monetary Fund (IMF) expects a global recession. The gross domestic product (GDP) of industrial nations is expected to shrink by 2.0 %. According to the IMF's forecast, global GDP will only grow by 0.5 %, compared to 3.4 % in 2008. However, the IMF believes that a sharper decline will be prevented by the 3.3 % increase in economic performance on the part of emerging and developing countries.

It is rather unlikely that Germany's economy will be able to avoid the downward spiral of the global economy, owing to its dependency on exports. The ifo Institute is forecasting a 2.2 % decrease in real GDP, mainly as a result of the 5.7 % decrease in exports. With an increase of only 0.6 %, private consumption can also not be expected to act as a catalyst for the economy as growth in real wages will be offset by a projected increase in the unemployment rate from 7.5 % to 8.0 % owing to market conditions. According to the ifo Institute, companies will scale back their capital expenditures by 4.9 % as a result of decreasing utilization of capacities, the sharply worsening earnings outlook, and the restrictive financing conditions. It is predicted that the development of inflation will burden the global economy less in 2009 than it did in 2008. As a result of lower crude oil prices and slower rising food prices, the rate of inflation is expected to be around 0.9 %.

On the international markets in which Axel Springer is represented with its own operations, the perspectives have also worsened. The gross domestic product of most Western European countries is expected to contract in 2009. The anticipated – 0.3 % contraction of the Swiss economy will be comparatively mild. In Spain, economic output is likely to decrease by 1.3 % in real terms, mainly due to the downturn in the real estate market. Also in France, inflation-adjusted GDP is expected to decrease considerably, by 1.0 %, according to forecasts. Most of the Eastern European economies will continue to grow in 2009, according to forecasts, however, they will do so at a slower rate than in 2008. Falling export rates are the main reason for the contraction in Eastern Europe, too. However, in contrast to Western European countries, domestic demand is not expected to decline due to the significantly decreasing inflation rate. Whereas the ifo Institute predicts a – 1.0 % decrease in real GDP for Hungary, the economy in Poland is expected to increase by 2.0 %, in the Czech Republic by 1.7 %, and in Russia by 2.0 %.

Industry environment

According to ZenithOptimedia's forecast ("Advertising Expenditure Forecast" study from December 2008), the global advertising market in 2009 will only shrink slightly by 0.2 %, despite the economic collapse. However, the media agency group is not ruling out that sustained consumer insecurity owing to the recession and the enduring crisis in the financial markets will lead to another adjustment in the advertising market forecast.

For Germany, ZenithOptimedia is expecting a decrease in the overall market of 4.6 %, whereby the net advertising revenues for newspapers (– 6.1 %) and magazines (– 6.0 %) will decline by almost the same amount. The

Zentralverband der deutschen Werbewirtschaft (ZAW) (*Central Association of the German Advertising Industry*) predicted in November 2008 that companies will spend 1 % to 2 % less on advertising than in 2007. In addition to the classic media, this development also includes advertising media such as direct advertising and online advertising. In contrast, a considerably sharper decrease in advertising expenditures is expected in industry circles as well as by advertisers and agencies. The estimates range between – 6 % and – 10 % at newspapers and between – 8 % and – 12 % at magazines.

According to ZenithOptimedia, the growth of net advertising expenditures (including search term marketing) in the online market may be expected to weaken further, but they will still grow by 1.2 %. Industry circles expect a rate of increase ranging between 1 % and 10 %.

According to predictions, the financial market crisis, the worsening business climate, and weak private consumption will, however, not only lead to losses in display ads, but also to significant losses in the classified ad business (job, real estate, and automobile ads). Budget cuts at multinational companies will likely also exert additional pressure on the conditions in the German advertising market. According to expectations, ever increasing direct marketing budgets will migrate to the digital channel. Overall, ZenithOptimedia expects that the mobile and (from a user perspective) conventional Internet will continue to merge.

For most of the international markets in which Axel Springer is present with its own operations, ZenithOptimedia is forecasting (status: December 2008) a decrease in net advertising revenues at newspapers and magazines. For Russia, the media agency group expects net advertising revenues of print media to fall 0.7 % year-on-year. In Hungary, advertising revenues at newspapers are expected to fall 3.6 % short year-on-year, and 2.9 % short at magazines. In Switzerland, advertising revenues at both newspapers (– 2.0 %) and magazines (– 2.1 %) are expected to fall. Net advertising revenues in Spain are expected to decline by 11.7 % at newspapers and 5.5 % at magazines. Also in France, newspaper advertising revenues are expected to decrease substantially, by 4.4 %, from the level of 2008, while magazine advertising revenues are expected to fall by 6.0 % from the level of 2008. In Poland, the media agency predicts that the advertising revenues of magazines will fall by 1.3 %, while those of newspapers will increase slightly, by 0.1 %. In the Czech Republic, both the advertising revenues of newspapers (+ 2.2 %) and those of magazines (+ 2.0 %) are expected to grow, in contrast to the general trend. It must be noted that ZenithOptimedia's forecast was prepared before the latest forecasts of the actual extent of the economic crisis had been prepared by economic researchers.

According to ZenithOptimedia's forecast, net advertising revenues in the online market in Western Europe in 2009 will increase by 11.9 % to US$ 16.7 billion, assuming exchange rates remain the same. In Switzerland, net advertising revenues are expected to increase robustly by 16.1 %. In France, net advertising revenues will likely also increase considerably by 12.5 %. According to the forecast of the media agency group, the online advertising markets in Eastern Europe will grow considerably more robustly than the economy in 2009. Net online advertising revenues will increase substantially by 23.7 % in Poland and by 17.2 % in the Czech Republic.

The media agency expects a 3.5 % decrease in net advertising revenues for the TV market in Germany. According to industry estimates, the loss in the TV advertising market may be as much as 5 %.

For radio, ZenithOptimedia is expecting net advertising revenues to be down 6.8 % year-on-year.

Group

As will all companies, Axel Springer is facing the challenge of overcoming an extraordinary economic downturn. In light of this exceptional situation and the associated forecast uncertainties, the Management Board is refraining from publishing a forecast for revenues and EBITDA for 2009.

Disclosures pursuant to Sections 289 (4), 315 (4) HGB and explanatory report pursuant to Section 120 (3) (2) AktG

Composition of subscribed capital
The company's subscribed capital amounts to € 98,940,000 and is divided into 32,980,000 registered shares, each representing an imputed share of the capital stock equivalent to € 3.00. The shares can be transferred only with the company's consent (registered shares of restricted transferability, see below). The company has only one class of shares.

All shares carry the same rights and obligations. Each share grants the right to cast one vote in the annual shareholders' meeting and represents the basis for determining the shareholder's entitlement to the company's net profit. By way of exception, the treasury shares do not confer any rights to the company (cf. Section 71b AktG). The rights and obligations of the shareholders follow from the provisions of the German Stock Corporations Act, including, in particular, Sections 12, 53a ff., 118 ff. and 186 AktG.

Restrictions on voting rights or transfer of shares
By virtue of Article 5 para. 3 of the company's Articles of Incorporation, shares of Axel Springer AG and subscription rights can be transferred only with the company's consent. Such consent must be granted by the Management Board, although internally, it is the Supervisory Board that adopts the resolution to grant such consent. According to the company's Articles of Incorporation, such consent can be refused without indication of reasons. However, the company will not arbitrarily refuse its consent to the transfer of company shares.

The share transfer restriction agreements described below, which the company has concluded with various shareholders for the purpose of upholding the restrictions on the transfer of shares set forth in the Articles of Incorporation, even in the case of indirect share transfers, give rise to transfer restrictions based on the German law of obligations (Schuldrecht). In exchange, the company has, in most cases, agreed to pledge the shares in question to the financing banks.

– In connection with the acquisition of company shares by Hellman & Friedman in October 2003, the company entered into a share transfer restriction agreement with Hellman & Friedman (and with the purchasing companies affiliated with Hellman & Friedman and with Deutsche Bank Aktiengesellschaft and Deutsche Bank Luxembourg S.A.) on October 8, 2003. In this agreement, Hellman & Friedman expressly recognized the restrictions on the transfer of shares according to the company's Articles of Incorporation as binding upon it and its affiliated companies. In exchange, the company promised to support a widely distributed sale of the shares held by Hellman & Friedman on the stock exchange or by means of a secondary placement (subject to the condition that no more than 4 % of the company's capital stock would be transferred to a single investor) and to take all the necessary steps to obtain a stock exchange listing for the shares of Axel Springer AG on the Frankfurt Stock Exchange. It is expressly stated in the share transfer restriction agreement that the corresponding support obligations of the company will have no bearing on the share transfer restrictions according to the company's Articles of Incorporation. A secondary placement has been effected in the meantime, through the partial sale of the shares held by Hellman & Friedman in the 2006 fiscal year (representing 9.8 % of the company's capital stock at that time).

– In connection with the purchase of company shares from Dr. h. c. Friede Springer by Good Media Investment Holdings S.A.R.L., the company entered into another share transfer restriction agreement with Michael Lewis, Nova Trust Ltd. in its capacity as the trustee of Michael Lewis Capital Discretionary Settlements, and other so called ML investors held directly and indirectly by Nova Trust Ltd., alone, or as a majority owner (Hague Holdings Ltd., Colmar Investment Holdings Ltd., and Media Investment Holdings S.A.R.L.), and the Governor and Company of the Bank of Scotland, by the date of February 16, 2006. In this share transfer restriction agreement, the companies participating on the side of Michael Lewis promised to observe the share transfer restrictions set forth in the company's Articles of Incorporation in respect of all indirect and direct purchases, disposals and encumbrances of the company's shares. Under the supplementary agreement of July 31 / September 11, 2006, the company granted its prior consent to the acquisition of up to 340,000 additional shares (representing 1 % of the existing capital stock) by Good Media Investment Holdings S.A.R.L., and the parties agreed to apply the obligations under the share transfer restriction agreement of February 16, 2006 to the shares to be purchased in the future as well. In the confirmation agreement of May 2, 2007, the parties specified that the above-mentioned agreements will also apply to any loan increase and to the existing subordinated pledge right that had again been stipulated for the shares by way of precaution.

– Finally, a share transfer restriction agreement was concluded between Dr. Mathias Döpfner, the company Brilliant 310. GmbH, Axel Springer AG, and M.M. Warburg & Co. KGaA dated July 31 / August 4, 2006. Under this share transfer restriction agreement, the direct and indirect purchase of, and the direct and indirect disposal over the shares of, Axel Springer AG by Brilliant 310. GmbH or Dr. Mathias Döpfner were made contingent on the prior consent of Axel Springer AG according to the company's Articles of Incorporation.

Furthermore, transfer restrictions based on the German law of obligations applied to the members of the Management Board in connection with the Company Participation Program resolved by the shareholders at the annual shareholders' meeting of Axel Springer AG in 2004. According to the terms of this resolution, the participation in the Company Participation Program was made contingent on the purchase from the company of shares in Axel Springer AG by the members of the Management Board. For every share of Axel Springer AG purchased, the members of the Management Board were awarded eight options to purchase additional shares of Axel Springer AG. As a rule, the holding period for the shares purchased in connection with the Company Participation Program was set at five years. In accordance with the terms of the Company Participation Program, however, the five-year holding period was shortened by the fact that the financial investor Hellman & Friedman sold most of its shareholding in Axel Springer AG by way of a secondary placement in December 2006. For this reason, 50 % of the shares can already be sold one year after the sale by Hellman & Friedman in December 2006 and the other 50 % can be sold after one additional year, that being two years after the sale by Hellman & Friedman. As a consequence, the shares purchased by the Management Board members are not subject to any sales restrictions.

The company is not aware of any restrictions on voting rights.

Shareholdings that represent more than 10 % of the company's voting rights

At the end of the 2008 fiscal year, Axel Springer Gesellschaft für Publizistik GmbH & Co. KG held around 51.5 % of the company's capital. This investment is attributable to AS Publizistik GmbH (in its function as general partner of Axel Springer Gesellschaft für Publizistik GmbH & Co. KG), Friede Springer GmbH & Co. KG, Friede Springer Verwaltungs GmbH (in its function as general partner of Friede Springer GmbH & Co. KG), and Dr. h. c. Friede Springer, herself. At the end of the 2008 fiscal year, Dr. h. c. Friede Springer directly held an additional holding equal to about 7.0 % of the company's capital stock. Thus, the total shareholding controlled by Dr. h. c. Friede Springer amounted to around 58.5 %.

Shares endowed with special rights that confer powers of control

There are no shares endowed with special rights that would confer powers of control.

Manner of exercising voting rights when employees hold shares in the company's capital and do not directly exercise their rights of control
Axel Springer AG does not have an employee stock program.

Statutory provisions and provisions of the Articles of Incorporation relative to the appointment and dismissal of Management Board members and amendments to the Articles of Incorporation
The company's Articles of Incorporation provide that the Management Board of Axel Springer AG must be composed of at least two members. The Supervisory Board decides on the number of Management Board members and on the appointment and dismissal of Management Board members. The term of office is, at the most, five years and can be re-established or renewed for no more than five years thereafter (cf. Section 84 (1) (1) to (4) AktG). If more than one person has been appointed to the Management Board, the Supervisory Board is authorized to appoint one of those members as the Chairman (Section 84 (2) AktG). If a required Management Board member would be lacking, the court is authorized, in urgent cases, to appoint the necessary member at the request of one involved party (Section 85 (1) (1) AktG). The Supervisory Board is authorized to revoke the appointment of a Management Board member and the Management Board Chairman for important cause (cf. Section 84 (3) (1) and (2) AktG).

Amendments to the company's Articles of Incorporation require a resolution of the annual shareholders' meeting, carried not only by a simple majority of the votes cast, but also by at least three quarters of the capital present and represented at the time of voting on the resolution (cf. Section 179 (2) (1) AktG in conjunction with Article 21 para. 2 of the company's Articles of Incorporation). An amendment of the management principles set forth in Article 3 of the Articles of Incorporation requires a majority equal to at least four fifths of the capital present and represented at the time of voting on the resolution (cf. Article 21 para. 3 of the company's Articles of Incorporation).

The Supervisory Board is authorized to resolve amendments to the Articles of Incorporation that only involve changes to the wording (Article 13 of the Articles of Incorporation).

Authority of the Management Board to issue or repurchase shares
Axel Springer AG has established no authorized or conditional capital that would authorize the Management Board to issue new shares.

By resolution of the annual shareholders' meeting of April 24, 2008 (Agenda Item 6), the Management Board is authorized, with the consent of the Supervisory Board, to purchase the company's own shares up to an amount equivalent to 10 % of the current capital stock in the time until October 23, 2009. Such purchases can be effected on the stock exchange or by means of a public offer to all shareholders, or a public invitation to submit an offer.

In addition, the company is authorized to purchase the company's own shares in connection with the Company Participation Program for the Management Board that was resolved at the annual shareholders' meeting of April 14, 2004, in the time until October 23, 2009 (Agenda Item 7 of the annual shareholders' meeting of April 24, 2008).

Along with the shares held by the company or attributable to the company in accordance with Sections 71 a ff. AktG, the shares purchased by virtue of the foregoing authorizations may not at any time exceed 10 % of the company's capital stock. Details concerning these two authorizations are provided in the invitation to the annual shareholders' meeting of April 24, 2008, which is available on the website of Axel Springer AG. (See Agenda Items 6 and 7 and the Management Board's report on this subject).

At the end of 2008, the company held 3,297,341 of its own shares (representing nearly 10.0 % of the capital stock).

Significant agreements of the company subject to the condition of a change of control resulting from a takeover offer

With the exception of the € 1,500,000,000 credit facility, the company has not entered into any significant agreements that would be subject to a change of control resulting from a takeover offer. The € 1,500,000,000 credit facility extended to the company by a bank syndicate by the date of August 14, 2006 is subject to the condition of a change of control insofar as the bank syndicate is entitled in such a case to terminate the credit facility with advance notice of 30 days in the event of a change of control. Aside from specific exceptions that relate to the shareholders that currently control Axel Springer AG, a change of control is understood to mean, in the context of the credit facility, the acquisition of shares of Axel Springer AG representing more than 50 % of the capital stock and/or voting rights by one or more parties acting together.

Indemnification agreements of the company with Management Board members or employees in the event of a change of control

The members of the Management Board are entitled to cancel their employment contracts in response to a change of control. In such a case, they will be entitled to payment of their base salary for the remaining term of their contract, according to the most recent agreement, but at least to payment of one year's salary. Furthermore, the company will pay, at the contractually agreed time, the pro-rated percentage of the success-based compensation for the period of time served in the year of resignation. The employment contracts of the Management Board members do not provide for any other compensation in the event of the termination of the employment contract in response to a change of control.

There are no such indemnification agreements with employees of the company.

Final Declaration as per Section 312 (3) AktG

"According to the circumstances known to the management at the time of each transaction with an affiliated company, Axel Springer AG received adequate consideration for every such transaction and did not take, or fail to take, any actions in the reporting period, either at the behest or in the interest of the controlling company or a company affiliated with the controlling company."

Corporate governance

Basic understanding

At Axel Springer, good corporate governance is considered to be a crucial element of responsible management and control, and is therefore an essential basis for the company's lasting success. In this regard, we are guided by the German principles of sound corporate management known as the German Corporate Governance Code.

We have taken appropriate measures to implement and ensure compliance with the principles of corporate governance. The Corporate Governance Officer is the Management Board member in charge of "Finance and Services." The implementation of, and adherence to, the recommendations of the German Corporate Governance Code are generally reviewed on a quarterly basis. The Chairmen of the Management Board and the Supervisory Board are informed of the results of this review on a regular basis. The amendments to the Code adopted by the Government Commission for the German Corporate Governance Code on June 6, 2008, were discussed by the Management Board at its meeting of December 2008, and by the Supervisory Board at its meeting of December 2008, both of which dealt with the Declaration of Conformity for 2008.

At its meeting of June 6, 2008, the Government Commission adopted four amendments to the Code. These amendments pertained to the:

– Appropriateness of Management Board compensation (amended version of Section 4.2.2 (1)): "At the proposal of the committee dealing with Management Board contracts, the full Supervisory Board shall resolve and regularly review the Management Board compensation system, including the main contract elements."

– Strengthening of the severance payment cap rule for payments to members of the Management Board who step down from the Board before their term has ended by changing the status from that of a "suggestion" to that of a "recommendation" to be disclosed by the company (amended version of Section 4.2.3 (4) and (5)).

– Active role of the Supervisory Board with regard to interim financial reports (insertion under Section 7.1.2): "Half-year and any quarterly financial reports shall be discussed with the Management Board by the Supervisory Board or its Audit Committee prior to publication."

– Scheduling of elections of Supervisory Board members (Section 5.4.6). The suggestion to elect Supervisory Board members at different dates and for differing terms of office was deleted (deletion under Section 5.4.6).

With the exception of Section 4.2.2, Axel Springer applied every new recommendation adopted in June 2008. The company's non-adherence to the recommendation of Section 4.2.2 is justified with reference to the fact that an appropriate and reasonable decision is assured by virtue of the fact that the decision is made by the Personnel Committee that regularly deals with Management Board questions.

Declaration of Conformity

In accordance with Section 161 of the German Stock Corporations Act ("AktG"), the Management Board and Supervisory Board of Axel Springer AG make in amendment of the Declaration of Conformity published in December 2008 the following declaration:

"The company fulfills the "German Corporate Governance Code" (the "Code") in the version of June 6, 2008, as published by the German Federal Ministry of Justice in the official announcements section of the Electronic Federal Gazette of August 8, 2008, with the following exceptions:

1. The list published by the company of third-party companies in which the company holds an equity interest that is not insignificant for the company contains the information required by law (Section 7.1.4 Para. 3 of the Code).

To the extent that information concerning the companies' equity and profit/loss can be omitted, such information has been omitted in order to avoid any disadvantages for the individuals involved. Furthermore, the company makes full use of the opportunity to present some of the required information in the list of shareholdings instead of in the notes to the (consolidated) financial statements.

2. As before, the Personnel Committee of the company's Supervisory Board adopts resolutions concerning the compensation system for the Management Board, including the significant contractual elements (Section 4.2.2. Para. 1 of the Code).

By assigning such decisions to the Personnel Committee, which deliberates regularly on matters pertaining to the Management Board, the company ensures that the decisions made in such matters are objective and appropriate.

3. The management participation program approved by the annual shareholders' meeting of April 14, 2004 does not include any possibility of limitation ("cap") for extraordinary, unforeseeable developments (Section 4.2.3 Para. 8 of the Code).

The management participation plan imposes virtually no economic burden on the company. Under the terms of an option agreement with the shareholders H & F Rose Partners, L.P. and H & F International Rose Partners, L.P., Axel Springer Aktiengesellschaft is entitled to buy back, at a comparable price, the same number of shares that were sold to the members of the Management Board in connection with the management participation program. Alternatively, the company can opt to receive a cash settlement. As a result of this financial protection afforded to the company, no share price-related restrictions were imposed in connection with the management participation program.

4. The remuneration granted to the members of the Supervisory Board and the payments made to the members of the Supervisory Board for services provided personally are not individually itemized in the Corporate Governance Report (Section 5.4.6 Paras. 6 and 7 of the Code).

The information is not individually itemized because the competitors of Axel Springer AG also do not publish any such information.

Since the company's last Declaration of Conformity in December 2007, the company has likewise fulfilled the "German Corporate Governance Code" in the version of June 14, 2007, as published by the German Federal Ministry of Justice in the official announcements section of the Electronic Federal Gazette of July 20, 2007, with the exceptions noted above under 1, 3 and 4 and the following exception:

The Quarterly Financial Report as of March 31, 2008 was published later than within 45 days after the end of the reporting period, namely on May 29, 2008 instead of May 15, 2008 (Section 7.1.2 Para. 4 of the Code).

Because of the introduction of the new segmentation (introduction of accounting standard IFRS 8-business segments) the 45-days-period was slightly exceeded."

Berlin, February 2009

Axel Springer AG

The Supervisory Board   The Management Board

Axel Springer AG published the Declaration of Conformity pursuant to Section 161 AktG in December 2008 and explained therein the reasons for deviating from the Code regulations. Reference is made thereto in this corporate governance report. The Declaration of Conformity reproduced above is a version of the Declaration of Conformity of December 2008 that was corrected in February 2009. Both versions of the Declaration of Conformity have been published on the company's website in the section -> Investor Relations -> Corporate Governance.

Shareholders and annual shareholders' meeting

The annual shareholders' meeting of Axel Springer AG is the central governing authority in which the shareholders exercise their rights and cast their votes. Every share confers the right to cast one vote in the annual shareholders' meeting. Those shareholders who are registered in the share register and have registered for the meeting in time are entitled to vote. The Chairman of the Supervisory Board also chairs the shareholders' meeting. To make it easier for shareholders to exercise their prerogatives at the annual shareholders' meeting, their votes can be cast by authorized proxies. In addition, Axel Springer AG designates a voting proxy whom shareholders can elect to execute their voting rights according to their instructions.

The annual shareholders' meeting resolves specifically on the utilization of the unappropriated net profit, the ratification of the actions of the Management Board and Supervisory Board, the election of the Supervisory Board, the selection of the independent auditor, and other matters legally assigned to them, such as corporate actions and other amendments to the Articles of Incorporation. The resolutions of the annual shareholders' meeting require a simple majority of the votes cast, unless another majority is prescribed by law or by the company's Articles of Incorporation. The Articles of Incorporation can be inspected on the company's website at www.axelspringer.de.

The annual shareholders' meeting of Axel Springer AG held in Berlin on April 24, 2008 was attended by 262 shareholders representing 80.32 % of the company's capital stock. The shareholders present and represented at the meeting approved all the management proposals with majorities of 99.79 % to 99.99 %. All required reports and documents were made available to the shareholders in advance, also on the company's website.

Cooperation between the Management Board and the Supervisory Board

The Management Board manages the company in its own responsibility. The Supervisory Board appoints the members of the Management Board and monitors and advises the latter in the conduct of the business. The two Boards work closely together, in an atmosphere of trust and confidence, to enhance the company's value. The Management Board provides comprehensive and timely information to the Supervisory Board on all relevant matters of strategy, planning, business developments, risks, and risk management. The Management Board manages the company under its own responsibility. The Supervisory Board appoints the members of the Management Board and supervises and advises the Management Board on the management of the company's business. Important decisions of the Management Board require the approval of the Supervisory Board. Such decisions include, in particular, the creation or discontinuation of business divisions, the acquisition or sale of significant equity investments, and the adoption of the company's annual budget and financial plan.

The Management Board currently consists of four members:

– Dr. Mathias Döpfner (Chairman, "Subscription Newspapers and International"),

– Rudolf Knepper (Vice Chairman, "Printing and Logistics"),

– Steffen Naumann (Chief Operating Officer and Chief Financial Officer),

– Dr. Andreas Wiele ("BILD Group and Magazines").

The **Supervisory Board** consists of nine members, who are elected by the annual shareholders' meeting. The term of office of Supervisory Board members is five years; they are eligible for re-election at the end of their terms. The Supervisory Board elects its Chairman from among its own ranks; the term of office of the Supervisory Board Chairman is coincident with that of the Supervisory Board. The Supervisory Board normally meets five times a year. In case of necessity, it meets without the Management Board in attendance. Meetings may be held and resolutions adopted also by way of written correspondence, telephone calls, telexes, or other forms of telecommunication. The Supervisory Board discusses the company's business developments, planning, strategy, and significant capital expenditures at regular intervals of time. The Supervisory Board adopts the separate financial statements of Axel Springer AG and approves the consolidated financial statements of the Group.

The members of the Supervisory Board are:

- Dr. Giuseppe Vita (Chairman),
- Dr. h. c. Friede Springer (Vice Chairwoman),
- Dr. Gerhard Cromme,
- Oliver Heine,
- Klaus Krone,
- Prof. Dr. Wolf Lepenies,
- Michael Lewis,
- Dr. Michael Otto,
- Brian M. Powers.

The term of office of all Supervisory Board members ends upon termination of the ordinary annual shareholders' meeting 2009. Currently, the Supervisory Board has four committees: the Executive Committee, Personnel Committee, Nominating Committee, and Audit Committee.

Executive Committee

Responsibilities	Members in 2008
Publishing and journalistic affairs Strategy, financial planning Capital expenditures, financing Preparation of organizational decisions for the Management Board Approval of the sale of registered shares of Axel Springer AG and of subscription rights for such registered shares Approval of management - measures requiring approval	Dr. Giuseppe Vita (Chairman) Dr. h. c. Friede Springer (Vice Chairwoman) Dr. Gerhard Cromme Klaus Krone

Personnel Committee

Responsibilities	Members in 2008
Preparation of decisions regarding the appointment and dismissal of Management Board members Resolutions on the conclusion, amendment, and termination of employment contracts with Management Board members Resolutions on the extension of loans within the meaning of Sections 89, 115 AktG Approval of contracts with Supervisory Board members as per Section 114 AktG Representation of the company in legal transactions with Management Board members Approval of management - measures requiring approval	Dr. Giuseppe Vita (Chairman) Dr. h. c. Friede Springer (Vice Chairwoman) Dr. Gerhard Cromme

Nominating Committee

Responsibilities	Members in 2008
Preparation of proposals for the election of Supervisory Board members Formulation and review of the required qualifications that the company expects of Supervisory Board members Observation of the national and international environment in order to identify suitable candidates	Dr. Giuseppe Vita (Chairman) Dr. h. c. Friede Springer (Vice Chairwoman) Dr. Michael Otto

Audit Committee

Responsibilities	Members in 2008
Preparation of decisions for the adoption of the separate financial statements and the approval of the consolidated financial statements Preliminary review of the annual financial statements, dependency report, consolidated financial statements, management report, and consolidated management report Review of the proposal for the utilization of net profit Review of the interim financial statements and interim reports Review of the risk management system Discussion of the audit report and the report on the auditor's review of interim financial statements with the independent auditor Preparation of the proposal for the election of the independent auditor for the annual shareholders' meeting Issuance of the audit engagement or the separate financial statements and the consolidated financial statements, and the adoption of audit priorities	Dr. Giuseppe Vita (Chairman) Dr. h. c. Friede Springer (Vice Chairwoman) Klaus Krone

Conflicts of interest

The members of the Management Board and Supervisory Board are bound to promote the interests of the company. No member of either Board may, through their decisions, pursue personal interests or take advantage of business opportunities that should be the province of the company. Management Board members may not demand or accept gifts or other benefits or grant unjustified benefits to third parties in connection with their activities, either for their own benefit or that of others. Any sideline activities of the Management Board members require the consent of the Supervisory Board. The Management Board members are subject to a comprehensive anti-competition clause during the period of their activity for Axel Springer. Every Management Board member must inform the Supervisory Board of any conflict of interest without delay. In the same manner, every Supervisory Board member must inform the Supervisory Board of any such conflicts without delay. The Supervisory Board reports any conflicts of interest and the manner of handling them to the annual shareholders' meeting.

In 2008, no members of the Management Board or Supervisory Board were involved in any conflicts of interest that would have to be reported to the Supervisory Board and/or the annual shareholders' meeting. A summary of the seats held by the Management Board and Supervisory Board members of Axel Springer AG on other legally prescribed Supervisory Boards or comparable boards in Germany and abroad can be found in the notes to the financial statements, on page 168 f.

Transparency

Axel Springer is committed to always providing comprehensive, timely, and consistent information on the significant events and developments relevant to an evaluation of the company's present and future business performance to all capital market participants. The company reports on its business situation and results in its annual report, at its annual financial statements press conference, and in its quarterly reports. For this purpose, the company also uses Internet communication channels whenever possible. To the extent required by law, the company also provides information in the form of ad-hoc announcements and press releases, and on the company's website.

To ensure the equal treatment of all capital market participants, information relevant to the capital markets is published at the same time in the German and English languages on the company's website. The financial reporting dates are published in the financial calendar with sufficient advance notice. The Management Board also promptly publishes information on the company's website regarding any changes in the composition of the shareholder structure that are subject to the reporting obligation according to Section 26 of the German Securities Trading Act (WpHG), and on the purchase and sale of shares by persons who exercise management duties at Axel Springer (directors' dealings), in accordance with Section 15 a WpHG.

The Management Board members of the company directly or indirectly held 531,249 shares of Axel Springer AG at the balance sheet date of December 31, 2008. Of this number, 468,949 shares were held indirectly by Dr. Mathias Döpfner via the company Brilliant 310. GmbH. The remaining 62,300 shares are held directly by the Management Board members (including Dr. Mathias Döpfner) on the basis of the Management Participation Program. Based on the Management Participation Program and subject to its terms, the Management Board members also hold options to purchase up to 498,400 additional shares of Axel Springer AG.

The Supervisory Board members directly or indirectly held a total of 20,473,601 shares of Axel Springer AG at the balance sheet date. Dr. h. c. Friede Springer held 17,000,010 shares indirectly via the companies Friede Springer GmbH & Co. KG and Axel Springer Gesellschaft für Publizistik GmbH & Co., and 2,308,980 shares directly. Michael Lewis held another 1,152,611 shares indirectly via the companies Good Media Investment Holdings and TriAlpha Oceana Concentrated Opportunities Fund Ltd. Another 10,000 shares were attributable to Dr. Giuseppe Vita and 2,000 shares to Mr. Oliver Heine.

Preparation and auditing of the financial statements

The consolidated financial statements and interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as they are to be applied in the European Union. The consolidated financial statements also contain the disclosures prescribed by Section 315a (1) HGB.

The Management Board of Axel Springer AG is responsible for preparing the consolidated financial statements. The independent auditor audits the consolidated financial statements. The consolidated financial statements are officially adopted when they are approved by the Supervisory Board. Axel Springer publishes the consolidated financial statements within 90 days and the quarterly reports within 45 days of the respective period ending dates.

The company makes full use of the allowed options to present some of the required disclosures in a list of equity holdings, rather than in the notes to the financial statements and the notes to the consolidated financial statements. The list of equity holdings contains the legally prescribed disclosures. To the extent that it is possible to omit the disclosure of equity and profit-or-loss information, such disclosures are omitted. In this respect, Axel Springer does not follow the corresponding recommendation of the German Corporate Governance Code (Section 7.1.4 (3)), in order to avoid disadvantages for the private individuals concerned.

The consolidated financial statements also contain information on the company's relationships with shareholders who are to be classified as related parties according to the definitions of the applicable accounting regulations.

The independent auditor of the 2008 financial statements is Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Berlin Office. In accordance with the Corporate Governance Code, it was agreed with the independent auditor again for the 2008 fiscal year that the latter will inform the Chairman of the Supervisory Board or the Audit Committee without delay of any circumstances arising during the course of the audit that would constitute grounds for disqualification or partiality. It was also agreed that the independent auditor will immediately report any matters and events arising during the course of the audit that fall within the purview of the Supervisory Board. It was further agreed that the independent auditor will inform the Chairman of the Audit Committee or make an observation in the audit report if the independent auditor would discover, during the course of the audit, any facts that contradict the Declaration of Conformity by the Management Board and Supervisory Board according to Section 161 AktG.

Compensation report

The following compensation report is a component of both the consolidated financial statements as well as the 2008 corporate governance report.

Axel Springer's compensation policy follows the principle of performance-oriented compensation for the work of the Management Board and Supervisory Board, consisting of fixed and variable performance-dependent components.

Management Board

Total compensation for the Management Board in 2008 was € 13.1 million (PY: € 15.0 million). The compensation of members of the Management Board includes both fixed and variable components. The fixed salaries in 2008 amounted to around € 8.2 million (PY: € 9.4 million). Total compensation for 2007 included non-recurring amounts for security measures totaling € 1.0 million. The variable compensation of the Management Board amounted to a total of € 4.9 million (PY: € 5.7 million) in 2008. The variable compensation was comprised of a cash component and a stock component. The cash component has an upper limit and is oriented on individual performance as well as on the success of the Group. This success is measured using EBITA. The Chairman of the Supervisory Board and the respective member of the Management Board determine the agreed target together, as well as whether it has been reached with respect to the cash component.

With the adoption of the Management Participation Program by the annual shareholders' meeting on April 14, 2004, a long-term-oriented variable compensation component was created for all members of the Management Board. On this basis, the members of the Management Board participate entrepreneurially in the company with their own funds; the shares acquired were originally subject to a multiple-year holding period, which, however, has since expired. In connection with this entrepreneurial participation, the members of the Management Board have received stock options. The number of options that can be exercised depends on the financial performance of the Group and on the length of cooperation of the Management Board since the program was initiated. The value of the options amounted to € 16,018 million at the time when they were granted in the year 2004. The imputed compensation components for 2008 amounted to € 406 thousand (PY: € 969 thousand). For more information on the Management Participation Program, please refer to the disclosures in the notes to the annual financial statements under note 14 f. The company bears almost no financial burden arising from the Management Participation Plan. On the basis of an agreement concluded with companies managed by the shareholder Hellman & Friedman, Axel Springer AG is authorized to repurchase the number of shares previously sold to members of the Management Board at a comparable price. As an alternative, the company shall receive cash compensation. As a result of this financial security for the company, the plan does not include a share price-dependent limitation – in derogation of the recommendation made in Section 4.2.3 sentence 8 of the Code. A detailed description of the Management Participation Plan can be found under www.axelspringer.de -> Investor Relations -> IR Events -> Shareholders' Meeting -> 2004.

The members of the Management Board have the right to terminate their service contracts in the event of a change in control. In such a case, they have the right to receive payment of their base salary for the most recently negotiated remaining contractual term, not to be less than one year's base salary. In addition, the company will pay the performance-oriented bonus pro rata temporis at the contractually negotiated date for the period of time served in the year of resignation. The service contracts of the members of the Management Board do not provide for any other compensation if the service relationship is terminated as a result of a change in control. The members of the Management Board were granted pension rights, for which purpose € 897 thousand was added to the pension provisions (PY: € 360 thousand reduction in the pension provisions). The members of the Management Board did not receive any supplementary benefits.

We choose not to disclose the total compensation of each named member of the Management Board, because the insofar relevant Section 4.2.4 of the German Corporate Governance Code expressly states that such itemized disclosure is not required if a qualified majority of the annual shareholders' meeting resolves to withhold disclosure. The annual shareholders' meeting of Axel Springer AG held on April 27, 2006, passed such a corresponding resolution with the requisite majority. In addition, Axel Springer AG's competitors also do not disclose individual compensation.

Supervisory Board
For the 2008 fiscal year, the Supervisory Board received compensation totaling € 2.7 million (PY: € 2.0 million) on the basis of the dividend recommended by the Management Board and Supervisory Board. The compensation is determined by the annual shareholders' meeting and regulated in article 16 of Axel Springer AG's Articles of Incorporation. Accordingly, the compensation is comprised of fixed and variable components. The Supervisory Board receives a fixed annual salary of € 2.0 million. In addition, the Supervisory Board receives an additional compensation of € 1,000 for every cent (€ 0.01) by which the dividend per share distributed to the shareholders exceeds € 0.15, but at least 4.0 % of the share capital in relation to one share.The Supervisory Board also receives compensation in the amount of € 300 thousand if the basic earnings per share for the fiscal year (based on the share of the company's shareholders in net consolidated profits) exceeds the basic earnings per share of the third previous fiscal year calculated in the same manner by 15 % or more.

For fiscal years in which positive consolidated profits cannot be applied as a reference benchmark, an amount of € 3.00 per share shall apply as the reference benchmark for calculating the increase in annual profits. For fiscal years with a net consolidated loss, the fixed compensation will only amount to € 2.0 million. The Supervisory Board decides how the aforementioned amounts are distributed among its members, with adequate consideration of its members' activities as the Chairman and in the committees.

For the 2008 fiscal year, the Supervisory Board received variable compensation of € 725 thousand (PY: € 0) on the basis of the dividend recommended by the Management Board and Supervisory Board. In addition, the company reimburses all members of the Supervisory Board for the value added taxes payable on their expenses and on their compensation. The company pays the premium for the liability insurance for pecuniary damages (D & O insurance) taken out for members of the Supervisory Board. A member of the Supervisory Board is paid an annual salary of € 125 thousand for his services as an author.

Contrary to Section 5.4.6 sentences 6 and 7 of the Code, the compensation paid to individual members of the Supervisory Board, as well as the compensation paid by the company to them for services rendered personally, is not presented in the corporate governance report, since Axel Springer AG's competitors also do not disclose such information.

Report of the Supervisory Board

The Supervisory Board supervised the management of the company in fiscal year 2008 in accordance with the applicable laws and the company's Articles of Incorporation. In its meetings and the meetings of its committees, as well as by means of additional written and oral reports by the Management Board, the Supervisory Board obtained detailed information about the company's situation and development, important business transactions, and the risk management program on a regular basis. The Management Board also kept the Supervisory Board informed of significant events in the time between its meetings. In addition, the Supervisory Board Chairman and the Management Board Chairman held informational and consultational meetings on a regular basis.

The Supervisory Board discussed with the Management Board all matters of particular importance for the company, including the company's business plan, business strategy, larger capital expenditure projects, and personnel matters. Furthermore, the Supervisory Board discussed important specific transactions of importance to the company's future development and adopted resolutions on those legal transactions and measures for which the input of the Supervisory Board is required by law, by the company's Articles of Incorporation, or by the Management Board's internal rules of procedure. This applies in particular to the company's budget planning process.

The Supervisory Board held a total of five meetings in 2008, including three meetings in the first half and two meetings in the second half of the calendar year. No member of the Supervisory Board attended fewer than half the meetings of the Supervisory Board. No conflicts of interest arose on the part of Supervisory Board members in fiscal year 2008.

The deliberations of the Supervisory Board in 2008 were focused in particular on the following topics: assuring the company's profitability and competitiveness by means of systematic customer orientation, the bundling of marketing resources and the organizational consolidation of the regional newspapers and subscription newspapers, securing the company's future by strengthening its core business, and optimizing and extending the company's investments in Germany and abroad, especially in the online market.

In addition, the Supervisory Board deliberated on the parent company's financial statements and on the consolidated financial statements of the Group at December 31, 2007, the agenda for the annual shareholders' meeting held in 2008, and the budget and capital expenditure plan for fiscal year 2009. Furthermore, the Supervisory Board reviewed the efficiency of its own work by means of a self-evaluation and found its work to be suitable and efficient.

Corporate governance

In December 2008, the Management Board and Supervisory Board issued their joint Declaration of Conformity according to Section 161 German Stock Corporation Act (AktG) and made that declaration permanently available on the company's website. The Declaration of Conformity was modified slightly in early February 2009. Axel Springer AG adheres to nearly all the recommendations. The Declaration of Conformity is reproduced on page 80 of the Annual Report.

Additional information on corporate governance in the Axel Springer Group may be found in the joint Corporate governance report of the Management Board and Supervisory Board, which appears on page 79 of this Annual Report.

Committees of the Supervisory Board

The Supervisory Board has formed an Executive Committee, a Personnel Committee, an Audit Committee, and a Nominating Committee. The Chairman of the Supervisory Board is the Chairman of the Executive Committee, the Personnel Committee, Audit Committee, and Nominating Committee.

The Executive Committee, which is responsible for publishing and journalistic affairs as well as for matters of strategy, business planning, capital expenditures, and financing, among other matters, notwithstanding the general responsibility of the full Supervisory Board, held six meetings in 2008. Aside from personnel-related and organizational matters, the deliberations and resolutions of this committee were devoted in particular to the decisions concerning the acquisition of companies or investments in companies, including PartyGuide AG, Avivum AG, Transfermarkt.de, the purchase of additional equity in the companies auFeminin.com SA, Smarthouse Media GmbH, and StepStone ASA, and on the restructuring of the investment in Doğan TV. The Executive Committee also dealt with the share buy-back by way of public offer and the approval of the 2009 financing plan.

The Personnel Committee, which is responsible for the conclusion, amendment, and termination of the employment contracts with the members of the Management Board, among other matters, held two meetings in 2008.

The Audit Committee prepared the decisions of the Supervisory Board regarding the adoption of the parent company's financial statements and the approval of the consolidated financial statements, reviewed the interim financial statements and interim reports, discussed matters pertaining to the independent auditor, and obtained information regarding the risk management program, compliance-related issues, and the company's internal auditing activities. The Audit Committee held five meetings in 2008.

The Nominating Committee, which is responsible for preparing the proposal to the annual shareholders' meeting concerning the election of members to the Supervisory Board, did not hold meetings in 2008 as there was no reason to do so.

Separate financial statements of the parent company and financial statements of the Group, management report of the parent company, and management report of the Group

Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Berlin Office, audited the annual financial statements of the parent company, and the consolidated financial statements of the Group, as well as the management report for the parent company and the consolidated management report for the Group, all of which were prepared by the Management Board for fiscal year 2008, and provided them with an unqualified audit opinion in each case. In connection with the audit, the independent auditor also noted in summary that the Management Board has implemented a risk management system that fulfills the statutory requirements and that this system is basically suitable for the early detection of any developments that could endanger the company's continued existence.

The aforementioned documents and the proposal of the Management Board for the utilization of the unappropriated net profit, as well as the audit report of Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Berlin Office, were provided to all members of the Supervisory Board in a timely manner.

The documents were discussed extensively in the presence of the auditors in the meetings of the Audit Committee of February 25, 2009 and March 10, 2009. At these meetings, the auditors reported on the principal findings of their audit. The Audit Committee, in turn, reported the results of its examination to the full Supervisory Board. At its meeting of March 10, 2009, the Supervisory Board reviewed the documents in question, having noted and duly considered this report of its committee and the report of Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Berlin Office, and having discussed them with the auditors who were in attendance.

The Supervisory Board acknowledged and approved the audit results. Based on the results of its own review, the Supervisory Board had no objections to raise. The Supervisory Board approved the annual financial statements of the parent company and the consolidated financial statements of the Group that were prepared by the Management Board. As a result, the 2008 Axel Springer AG annual financial statements were officially adopted.

The Supervisory Board also reviewed the proposal of the Management Board concerning the utilization of the unappropriated net profit and concurred with that proposal, in consideration of the company's fiscal year net profit, liquidity, and financing plan.

The Management Board also submitted its report on the company's dealings with related parties pursuant to Section 312 AktG to the Supervisory Board.

The Supervisory Board was also in receipt of the corresponding audit report by Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Berlin Office. Both reports were also provided to each member of the Supervisory Board. The audit opinion of the independent auditor reads as follows:

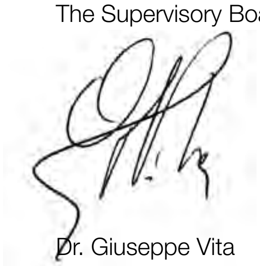
“Based on the audit and evaluation conducted in accordance with our professional duties, we hereby confirm that

1. the factual information contained in the report is correct; and
2. the consideration provided by the company in respect of the legal transactions mentioned in the report was not inappropriately high.”

The Supervisory Board also reviewed this report of the Management Report and the corresponding report of the independent auditor. At the Supervisory Board meeting of March 10, 2009, the auditors also reported orally on the principal findings of their audit. The Supervisory Board acknowledged and approved the report of the independent auditor. Based on the final results of its own review, the Supervisory Board had no objections to raise with respect to the Declaration of the Management Board according to Section 312 (3) AktG.

Berlin, March 10, 2009

The Supervisory Board



Dr. Giuseppe Vita
Chairman

Supervisory Board

Dr. Giuseppe Vita
Chairman

Dr. h. c. Friede Springer
Vice Chairwoman

Dr. Gerhard Cromme
Chairman of the Supervisory Board of ThyssenKrupp AG

Oliver Heine
Attorney at law and partner in the law firm Oliver Heine & Partner

Klaus Krone
Member of the Supervisory Board Axel Springer AG

Prof. Dr. Wolf Lepenies
University Professor

Michael Lewis
Investment Manager

Dr. Michael Otto
Chairman of the Supervisory Board of Otto (GmbH & Co KG)

Brian M. Powers
Chief Executive Officer of the investment group Hellman & Friedman LLC

ullstein bild

When Axel Springer laid the foundation of his Berlin publishing house complex 50 years ago, on May 25, 1959, no one could have imagined that it would be possible to divide a city such as Berlin with a wall. Yet this is exactly what happened on August 13, 1961. For 28 years, 2 months, and 25 days. It was not until November 9, 1989 that Axel Springer's dream of reunification came true. That is now 20 years ago. German history, documented here in dramatic photos by ullstein bild.

The wall has fallen
“It’s done! The wall is open,” cried the BILD newspaper headlines on the night of November 9, 1989. The B.Z. rejoiced “Berlin is Berlin again.” All the papers published special editions on this happy day. In order to understand the indescribable joy of the people at that time, one must visualize the inhumanity of the German division.

The lie

At a press conference on June 15, 1961, Walter Ulbricht, the Chairman of the State Council of the GDR announced: “No one has any intention of building a wall.” At the same time, the preparations for exactly that were running at full speed. The inner-city sector boundary and the zone boundary between the two parts of Germany were closed on Sunday, August 13, 1961. At the Brandenburg Gate, armed operational brigade groups were deployed.


SECTEUR

Everything is cordoned off

What kind of feeling must it be to have to wall yourself in? The 19-year-old National People's Army soldier Conrad Schumann did not want to know. On August 15, 1961, he took the opportunity during guard duty at the crossing of Ruppiner Strasse and Bernauer Strasse to make his later universally known "leap into freedom." Meanwhile the West was warned by the wall builders: "Whoever attacks us will be destroyed." The BERLINER MORGENPOST reported "live" from the focal points of interest.

Helplessness
Nine days after the barriers were erected, on August 22, 1961, the Federal Chancellor Konrad Adenauer visited the scene of the events. Two months later, on October 28, Soviet and American tanks stood facing each other at Checkpoint Charlie in Friedrichstrasse. The cold war became alarmingly hot. In Bernauer Strasse, people fled from their houses, which were located in the eastern sector; the sidewalk belonged to the western part of the city. Yet this escape route was also hermetically sealed shortly afterwards.

How cold it was

Human dramas were the order of the day at that time. Because the bride's mother accidentally lived in the "wrong" half of the city, she was not able to attend her daughter's wedding. A wave had to suffice. Initially even close relatives were not able to visit each other. That didn't seem to bother many a border guard. The agonizing death of the 18-year-old wall escapee Peter Fechter certainly left no one unmoved. His body was taken away on August 17, 1962, after he had been left to bleed to death for an hour in Zimmerstrasse.


UNION-VERLAG


AXEL SPRINGER

In the shadow of the Wall
Axel Springer. In the middle of the cold war, he fought for German unity with a fiery heart. Initially it was common sense, but the publisher continued to believe in the reunification even when he was ridiculed for this. His house was simply too close to this boundary for him to have been able to remain indifferent to it …
Unfortunately, he was no longer able to see how everyday life in the shadow of the Wall found its end. Springer died in 1985, four years before the collapse of the GDR.

The turning point
The year 1989 was a year of political upheaval for all of the states in Europe's Eastern Block. What was symbolic for this was the cutting of the border fence between Hungary and Austria on June 27, 1989 by the foreign ministers of both countries, Gyula Horn (r.) and Alois Mock (l.). Another symbol was also the enormous Monday demonstrations in Leipzig and elsewhere, where the citizens of the GDR showed their government that they were no longer afraid of repressive measures.


NEUES DEUTSCHLAND

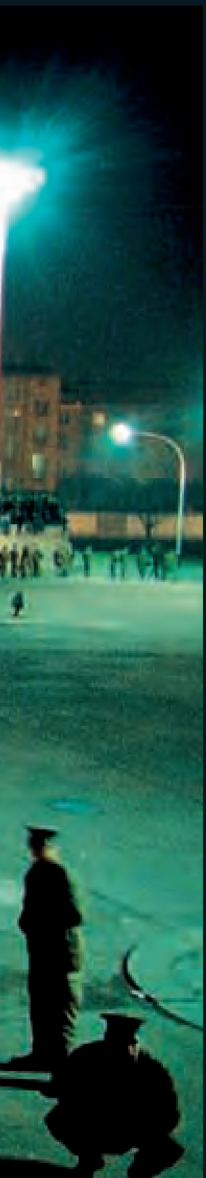
November 9

Where the building of the Wall began, as it were, with a lie at a press conference, its end also began during a press conference: Günter Schabowski, a member of the SED Politburo, announced new liberalized travel regulations for the GDR in front of the press. Responding to a question from the Italian journalist Riccardo Ehrmann, as to when these regulations would come into force, Schabowski replied while looking through his documents for an answer: “As far as I am aware … they come into force at once, immediately.” From now on there was no holding back the East Germans. They stormed the border that very night.


NAME OF THE
WE

The night of November 9

The GDR border guards were very uncertain about these events. They were taken completely by surprise. They had received no orders telling them how they had to behave. They had learned how to deal with an individual escapee at the border. But what do you do when there are suddenly tens of thousands of people sitting on the Wall? Offer them a hand? There was something that had to be done that night for many “Ossis” (East Germans): once to the Kudamm – and back. The fact that no one lost their head among all this chaos, that not one single shot was fired, is the “Miracle of Berlin.”



We are one people!

On November 12, 1989, the Wall was opened at Bernauer Strasse, and thousands of East Berliners immediately took the opportunity of using the new route into their old neighboring district of Wedding. For many people, the welcome payments of 100 deutschmarks made in the West may have been the reason – for the majority, it was surely the appeal of long withheld freedom. The so-called “Mauerspechte” (wall peckers) finally ensured that the erstwhile “antifascist protective wall” ended up in small pieces on the flea market stalls of history.

Axel Springer wanted his Berlin company headquarters to be located in the center of the capital of a peacefully reunited Germany. For more than 28 years, however, the site was only a "lighthouse" at the edge of the western half-city. Yet 20 years ago, the publisher's dream became reality.

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Auditor's Report

We have audited the consolidated financial statements prepared by the Axel Springer Aktiengesellschaft, Berlin, comprising the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the combined management report of the Axel Springer Group and of Axel Springer AG for the fiscal year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the combined management report of the Axel Springer Group and of Axel Springer AG 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 combined management report of the Axel Springer Group and of Axel Springer AG 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 combined management report of the Axel Springer Group and of Axel Springer AG 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 combined management report of the Axel Springer Group and of Axel Springer AG 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 combined management report of the Axel Springer Group and of Axel Springer AG. 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 combined management report of the Axel Springer Group and of Axel Springer AG 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.

Berlin, February 26, 2009

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Plett	Glöckner
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Consolidated Balance Sheet

Consolidated Balance Sheet at December 31, 2008

€ thousands

ASSETS	**Note**	**12/31/2008**	**12/31/2007**
Non-current assets		**1,719,294**	**2,246,986**
Fixed assets		1,655,185	2,186,787
Intangible assets	(4)	737,964	704,707
Property, plant, and equipment	(5)	722,249	756,789
Investment property	(6)	29,663	27,369
Non-current financial assets	(7)	165,309	697,922
Investments accounted for using the equity method		129,993	639,371
Other non-current financial assets		35,316	58,551
Receivables from income taxes	(11)	44,457	46,511
Other assets	(12)	3,050	3,066
Deferred tax assets	(30)	16,602	10,622
Current assets		**1,093,341**	**1,579,953**
Inventories	(8)	44,225	37,990
Trade receivables	(9)	264,875	269,221
Receivables due from related parties	(10)	55,582	63,417
Receivables from income taxes	(11)	37,586	70,292
Other assets	(12)	62,001	110,281
Cash and cash equivalents	(33)	154,529	198,056
Assets held for sale	(13)	474,543	830,696
Total assets		**2,812,635**	**3,826,939**

Consolidated Balance Sheet at December 31, 2008

€ thousands

EQUITY AND LIABILITIES	**Note**	**12/31/2008**	**12/31/2007**
Equity	**(14)**	**1,060,284**	**1,211,828**
Shareholders of Axel Springer AG		1,017,718	1,130,733
Minority interests		42,566	81,095
Non-current provisions and liabilities		**1,052,859**	**1,509,684**
Provisions for pensions	(15)	306,968	299,838
Other provisions	(16)	14,062	20,936
Financial liabilities	(17)	512,432	930,149
Trade payables		1,743	519
Liabilities due to related parties	(18)	20	2,925
Other liabilities	(20)	51,377	78,552
Deferred tax liabilities	(30)	166,257	176,765
Current provisions and liabilities		**699,492**	**1,105,427**
Provisions for pensions	(15)	47,943	47,971
Other provisions	(16)	155,642	192,417
Financial liabilities	(17)	11,596	10,988
Trade payables		183,246	234,525
Liabilities due to related parties	(18)	24,498	39,860
Liabilities from income taxes	(19)	46,843	83,597
Other liabilities	(20)	229,724	237,522
Liabilities related to assets held for sale	(13)	0	258,547
Total equity and liabilities		**2,812,635**	**3,826,939**

Consolidated Income Statement

Consolidated Income Statement 2008

€ thousands

	Note	2008	2007
Revenues	(22)	2,728,538	2,577,933
Other operating income	(23)	85,521	105,224
Change in inventories and internal costs capitalized		5,241	4,533
Purchased goods and services	(24)	– 945,374	– 882,761
Personnel expenses	(25)	– 722,457	– 701,877
Depreciation, amortization, and impairments	(26)	– 112,088	– 74,239
Other operating expenses	(27)	– 697,335	– 684,430
Income from investments	(28)	407,755	76,286
Result from investments accounted for using the equity method		– 55,449	26,316
Other investment income		463,204	49,970
Financial result	(29)	– 61,547	– 46,362
Income taxes	(30)	– 117,187	– 90,280
Income from continuing operations		**571,067**	**284,027**
Income from discontinued operations	**(31)**	**0**	**– 572,458**
Net income		**571,067**	**– 288,431**
Net income attributable to shareholders of Axel Springer AG		560,050	– 299,619
Net income attributable to minority interests		11,017	11,188
Basic earnings per share from continuing operations (in €)	**(32)**	**18.58**	**8.91**
Diluted earnings per share from continuing operations (in €)	**(32)**	**18.54**	**8.83**
Basic earnings per share (in €)	**(32)**	**18.58**	**– 9.78**
Diluted earnings per share (in €)	**(32)**	**18.54**	**– 9.70**

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement 2008

€ thousands

	Note	2008	2007
Income from continuing operations		571,067	284,027
Income from discontinued operations		0	– 572,458
Net income		**571,067**	**– 288,431**
Reconciliation of net income to the cash flow of operating activities			
Depreciation, amortization, impairments and write-ups of fixed assets		114,818	579,547
Result from investments accounted for using the equity method		55,449	– 26,316
Dividends received from investments accounted for using the equity method		32,166	21,505
Result from derecognition of fixed assets		– 438,565	– 12,637
Changes in non-current provisions		61	– 13,863
Changes in deferred taxes		– 17,475	– 41,759
Other non-cash income and expenses	(34)	20,793	45,380
Changes in trade receivables		4,802	– 17,582
Changes in trade payables		– 50,453	21,838
Changes in other assets and liabilities		– 27,548	15,384
Cash flow from operating activities		**265,115**	**283,066**
Proceeds from disposals of intangible assets, property, plant and equipment		4,266	11,092
Proceeds from disposals of consolidated subsidiaries, less cash given up in the exchange		5,960	2,610
Proceeds from disposals of other non-current financial assets		542,330	25,819
Purchases of intangible assets, property, plant, equipment and investment property		– 46,722	– 58,787
Purchases of shares in consolidated subsidiaries and other business units less cash and cash equivalents acquired		– 162,740	– 964,499
Purchases of investments in other non-current financial assets		– 42,457	– 408,651
Cash flow from investing activities	**(34)**	**300,637**	**– 1,392,416**
Dividends paid to shareholders of Axel Springer AG		– 122,400	– 107,318
Dividends paid to other shareholders		– 6,053	– 4,687
Equity contributions		6,900	0
Purchase of treasury shares		– 73,532	– 7,935
Repayments of liabilities under finance leases		– 193	– 304
Proceeds from borrowings of other financial liabilities		151,579	1,012,482
Repayments of other financial liabilities		– 568,493	– 145,093
Cash flow from financing activities		**– 612,192**	**747,145**
Cash flow-related changes in cash and cash equivalents		**– 46,440**	**– 362,205**
Changes in cash and cash equivalents due to exchange rates		779	– 51
Changes in cash and cash equivalents due to changes in consolidation group		319	– 921
Cash and cash equivalents at beginning of period		198,056	588,709
Reclassification from held-for-sale assets		1,815	– 27,476
Cash and cash equivalents at end of period	**(33)**	**154,529**	**198,056**

Cash inflows and payments contained in the cash flow from operating activities:

€ thousands

	2008	2007
Income taxes paid	– 150,051	– 132,563
Income taxes received	48,971	4,566
Interest paid	– 27,096	– 23,532
Interest received	19,049	8,112
Investment income received (without dividends from investments accounted for using the equity method)	44,216	53,762

Statement of Changes in Equity

Consolidated Statement of Changes in Equity 2008

€ thousands						Accumulated other comprehensive income					
	Number of shares outstanding (shares)	Sub-scribed capital	Additio-nal paid-in capital	Accu-mulated retained earnings	Treasury shares	Currency translation adjustments	Changes in fair value of financial instruments	Other	Share-holders of Axel Springer AG	Minority interests	Equity
Balance at 01/01/2007 [1]	30,662,300	102,000	35,231	1,227,234	– 181,203	2,096	592,758	490	1,778,606	16,472	1,795,078
Currency translation differences						– 952			– 952	575	– 377
Changes in fair value of financial instruments after taxes							– 158,393		– 158,393	– 259	– 158,652
Other changes not recognized in income				1,072				– 8,056	– 6,984	724	– 6,260
Net income				– 299,619					– 299,619	11,188	– 288,431
Comprehensive income	**0**	**0**	**0**	**– 298,547**	**0**	**– 952**	**– 158,393**	**– 8,056**	**– 465,948**	**12,228**	**– 453,720**
Dividends paid				– 107,318					– 107,318	– 4,687	– 112,005
Purchase of treasury shares	– 62,300				– 7,935				– 7,935	0	– 7,935
Capital reduction		– 3,060	3,060	– 55,376	55,376				0	0	0
Change in consolidation group									0	57,082	57,082
Purchase of minority interests				– 67,383					– 67,383	0	– 67,383
Other changes			711						711	0	711
Balance at 12/31/2007 [1]	**30,600,000**	**98,940**	**39,002**	**698,610**	**– 133,762**	**1,144**	**434,365**	**– 7,566**	**1,130,733**	**81,095**	**1,211,828**
Currency translation differences						10,235			10,235	182	10,417
Changes in fair value of financial instruments after taxes							– 445,347		– 445,347	– 157	– 445,504
Other changes not recognized in income								– 12,318	– 12,318	– 78	– 12,396
Net income				560,050					560,050	11,017	571,067
Comprehensive income	**0**	**0**	**0**	**560,050**	**0**	**10,235**	**– 445,347**	**– 12,318**	**112,620**	**10,964**	**123,584**
Dividends paid				– 122,400					– 122,400	– 6,053	– 128,453
Purchase of treasury shares	– 917,341				– 73,532				– 73,532	0	– 73,532
Change in consolidation group									0	– 16,037	– 16,037
Purchase of minority interests				– 30,997					– 30,997	– 27,403	– 58,400
Other changes			1,277	– 2,792				2,809	1,294	0	1,294
Balance at 12/31/2008	**29,682,659**	**98,940**	**40,279**	**1,102,471**	**– 207,294**	**11,379**	**– 10,982**	**– 17,075**	**1,017,718**	**42,566**	**1,060,284**

[1] Adjusted, see explanations at (3a).

Notes to the Financial Statements

Segment Report

Segment Report: Operative Segments

€ thousands	Newspapers National		Magazines National		Print International		Digital Media		Services/Holding		Consolidated totals	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
External revenues	**1,277,584**	**1,290,305**	**564,068**	**587,847**	**409,750**	**408,270**	**378,181**	**208,098**	**98,955**	**83,413**	**2,728,538**	**2,577,933**
Internal revenues	16,967	14,770	6,940	5,466	10,101	7,704	32,186	13,156	319,418	324,226		
Segment revenues	1,294,551	1,305,075	571,008	593,313	419,851	415,974	410,367	221,254	418,373	407,639		
EBITDA [1]	**348,895**	**363,880**	**88,817**	**73,864**	**27,756**	**10,602**	**20,931**	**36,719**	**– 223**	**– 15,064**	**486,175**	**470,001**
Thereof income from investments	19,894	23,899	457	1,304	7,830	6,692	903	37,811	2,685	– 296	31,769	69,409
Thereof accounted for using the equity method	14,636	19,320	790	1,480	4,866	4,268	– 8,860	6,437	– 6,604	– 5,189	4,828	26,316
Depreciation, amortization, and impairments (except from purchase price allocations)	– 3,213	– 3,868	– 3,925	– 3,859	– 6,427	– 6,551	– 5,012	– 3,610	– 45,632	– 46,287	– 64,209	– 64,174
Write-ups	0	0	0	0	0	0	10	0	142	15,835	152	15,835
EBITA [1]	**345,682**	**360,012**	**84,892**	**70,005**	**21,329**	**4,051**	**15,929**	**33,110**	**– 45,713**	**– 45,516**	**422,118**	**421,662**
Impairment losses in goodwill	0	0	– 2,107	0	0	0	0	0	0	0	– 2,107	0
EBIT [1]	345,682	360,012	82,785	70,005	21,329	4,051	15,929	33,110	– 45,713	– 45,516	420,011	421,662
Effects of purchase price allocations	0	0	– 27,028	– 172	– 4,172	– 5,679	– 15,201	– 7,551	– 72	– 18	– 46,473	– 13,420
Non-recurring effects	– 1,616	5,362	0	106	0	5,323	437,393	0	– 59,514	1,637	376,263	12,428
Segment earnings before interest and taxes	344,066	365,374	55,757	69,939	17,157	3,695	438,121	25,559	– 105,299	– 43,897	749,801	420,669
Financial result											– 61,547	– 46,362
Income taxes											– 117,187	– 90,280
Income from continuing operations											**571,067**	**284,027**
Income from discontinued operations												**– 572,458**
Net income											**571,067**	**– 288,431**
Capital expenditures	5,065	9,655	5,312	10,956	15,080	145,857	32,243	390,302	16,911	16,926	74,611	573,696
Segment assets	254,596	259,362	89,398	132,052	287,617	281,126	994,944	1,473,426	879,555	999,047	2,506,110	3,145,013
thereof investments accounted for using the equity method	0	106,944	5,898	5,514	4,930	4,345	58,266	398,001	60,899	124,567	129,993	639,371
Segment liabilities	236,176	309,235	116,673	133,104	98,587	102,481	146,411	196,020	369,781	375,726	967,628	1,116,566

[1] Adjusted for non-recurring effects and effects of purchase price allocations.

Segment Report: Geographical Information

€ thousands	Germany		Other countries		Consolidated totals	
	2008	2007	2008	2007	2008	2007
External revenues	2,131,690	2,040,695	596,848	537,238	2,728,538	2,577,933
Non-current segment assets	1,280,454	1,286,887	209,422	201,977	1,489,876	1,488,864

General information

(1) Accounting principles

The Axel Springer Aktiengesellschaft ("Axel Springer AG") is an exchange-listed stock corporation with its registered head office in Berlin/Germany. The principal activities of Axel Springer AG and its subsidiaries ("Axel Springer Group" or the "Group") are described in note (35b).

On February 24, 2009, the Management Board of Axel Springer AG authorized the consolidated financial statements for fiscal year 2008 and presented them to the Supervisory Board for approval. The consolidated financial statements were prepared by application of Section 315a HGB in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) approved by the IASB, in effect and recognized by the European Union (EU) at the balance sheet date. The reporting currency is the Euro (€); unless otherwise indicated, all figures are stated in Euro thousands (€ thousands).

The consolidated financial statements and consolidated management report will be filed with the Electronic Federal Gazette in Germany. Axel Springer AG is kept on file with the Commercial Register of the Berlin-Charlottenburg Local Court under the No. 4998.

(2) Consolidation

(a) Consolidation principles

All subsidiaries in which Axel Springer AG is able to control, directly or indirectly, the financial and operating policies of the company are included in the consolidated financial statements of the Axel Springer Group; please refer to the list of companies included in the consolidated financial statements (cf. note (46)).

The equity consolidation was performed by application of the purchase method as at the date of acquisition. Under the purchase method, the acquired proportion of the fair value of the purchased assets and liabilities of the subsidiary at the date of acquisition are deducted from the cost of acquisition of the interest in the subsidiary. Any remaining positive difference is capitalized as goodwill. Negative goodwill arising on the consolidation of equity at the date of acquisition is recognized immediately as income. The date of acquisition is the date when the ability to control the net assets and the financial and operating activities of the acquired company passes to the Axel Springer Group. Transactions with minority shareholders are accounted for in the same way as transactions with company shareholders. Differences resulting from the sales and purchases of minority interests are recognized within equity.

Expenses and income as well as receivables and payables between consolidated companies are eliminated. Intra-group profits are eliminated, if they are material.

Associated companies are included in the consolidated financial statements by application of the equity method (cf. note (46)). Associated companies are defined as companies in which the Axel Springer Group can exert significant influence over the financial and operating policies of the company. With regard to calculating the goodwill and the proportional fair value of the assets and liabilities, the principles applied to full consolidation apply here as well. The IFRS financial statements of these companies as at the Group's balance sheet date serve as the basis for consolidation by the equity method. Losses from associated companies that exceed the carrying amount of the investment or any other long-term receivables related to the financing of these companies are not recognized, unless the Axel Springer Group is bound by additional contribution requirements. Intra-group profits are not eliminated when they are immaterial. Applying the equity method, the investment is subject to an impairment test, and if an impairment loss has been found to exist, the carrying amount of the investment is written down to the lower realizable value.

The separate financial statements of Axel Springer AG and its subsidiaries and associates included in the consolidated financial statements have been drawn up on the basis of uniform accounting and valuation methods.

(b) Companies included in the consolidated financial statements

Companies included in the consolidated financial statements (consolidation group) broke down as follows:

	12/31/2008	12/31/2007
Fully consolidated companies		
Germany	52	127
Other countries	38	33
Fully consolidated special-purpose entities		
Germany	3	4
Investments accounted for using the equity method		
Germany	7	13
Other countries	2	2

Consolidated companies are listed in note (46). Pursuant to Section 313 (4) HGB, the list of shareholdings of Axel Springer AG and the Group is to be filed with the electronic Federal Gazette.

The following changes in particular occurred in fiscal year 2008:

In the group of fully consolidated subsidiaries, PIN Group AG, Leudelingen/Luxembourg, and its 83 domestic subsidiaries were deconsolidated due to insolvency. Another deconsolidation resulted from the sale of the shares held in SAT.1 Beteiligungs GmbH, Munich. Furthermore, the special-purpose entity BayernInvest AS Invest Plus-Fonds, Munich, was deconsolidated as well.

In Germany, the additions to the consolidation group comprised the new business start-ups B.Z. Media GmbH, Berlin, Gofeminin.de GmbH, Berlin, a subsidiary of auFeminin.com S.A., Paris/France, and the newly consolidated companies comparado GmbH, Lüneburg, Cleopatra Produktions GmbH, Hamburg, Axel Springer TV NEWS GmbH, Hamburg, WBV Direktzustell-GmbH, Hamburg, gamigo AG, Hamburg, Transfermarkt GmbH & Co. KG, Hamburg, and Axel Springer Services & Immobilien GmbH, Berlin (formerly Gildeverlag GmbH, Hamburg).

Outside Germany, the companies Verlag Sport Wochenzeitung AG, Zurich/Switzerland, Avivum AG, Zurich/Switzerland, usgang.ch GmbH, Zurich/Switzerland, and PartyGuide.ch AG, Hünenberg/Switzerland, were fully consolidated for the first time.

The shares in the companies Kieler Zeitung GmbH & Co. Offsetdruck KG, Kiel, Kieler Zeitung Verlags- und Druckerei KG-GmbH & Co., Kiel, Kieler Zeitung Verwaltungs GmbH & Co. Beteiligungs KG, Kiel, Leipziger Verlags und Druckereigesellschaft mbH & Co. KG, Leipzig, Lübecker Nachrichten GmbH, Lübeck, Ostsee-Zeitung GmbH & Co. KG, Rostock, and Doğan TV Holding A.S., Istanbul/Turkey, which were formerly accounted for by using the equity method, were classified as held for sale at the balance sheet date (cf. note (13)).

StepStone ASA, Oslo/Norway, was included for the first time in the consolidated financial statements by application of the equity method.

(c) Acquisitions and divestitures

The limited partnership interest and share purchase agreement for the acquisition of the minority interests in BILD digital GmbH & Co. KG (formerly Bild.T-Online.de AG & Co. KG), Berlin, and BILD digital Verwaltungs GmbH (formerly Bild.T-Online.de Verwaltungs AG), Berlin, which was concluded between Axel Springer AG and Deutsche Telekom AG, Bonn, in November of the prior year, was finalized on January 3, 2008. The purchase price was € 55,000 thousand.

The sale of the indirect investment in ProSiebenSat.1 Media AG, Unterföhring, by Axel Springer AG to Lavena Holding 5 GmbH, Munich, by virtue of the share purchase agreement of December 2007, was finalized in January 2008. The sale gave rise to preliminary sale proceeds of € 515,285 thousand. The pretax gain on the sale of these shares and on the disposal of the shares in SAT.1 Beteiligungs GmbH, Munich, totaled € 438,250 thousand.

In connection with the purchase of shares in auFeminin.com S.A., Paris/France, in fiscal year 2007, put options were granted to the minority shareholders of AS Online Beteiligungs GmbH, Berlin, enabling them to sell their shares. The minority shareholders exercised their put options on March 3, 2008. The strike price of the options, which corresponds to the purchase price payable by Axel Springer AG, amounted to € 40,988 thousand. Since that time, Axel Springer AG is the sole shareholder of AS Online Beteiligungs GmbH. As a result of further purchases of minority shares in 2008, the proportion of equity held in auFeminin.com S.A. rose from 68.2 % to 82.4 % at December 31, 2008.

By purchase and assignment agreement on October 2, 2008, Axel Springer Group increased its equity holding in Smarthouse Media GmbH, Karlsruhe, by 12 % to 88 %. In addition, the company increased its equity holding in wallstreet: online AG, Berlin, from 50.1 % to 71.9 %. The purchase price for both transactions amounted to € 12,729 thousand.

In December 2008, Axel Springer Group acquired 33.3 % of the equity in StepStone ASA, Oslo/Norway, for acquisition costs of € 34,845 thousand.

In addition, the following business combinations were completed in the time until December 31, 2008:

On April 1, 2008, WBV Direktzustell-GmbH, Hamburg, an indirect subsidiary of Axel Springer AG, acquired the "Unaddressed Deliveries" division of PIN Mail GmbH, Hamburg, which is under insolvency proceedings. The business activities of this company consist mainly of delivery services for companies of the Axel Springer Group.

On June 30, 2008, Gofeminin.de GmbH, Berlin, a subsidiary of auFeminin.com S.A., Paris/France, acquired the health portal onmeda.de from OnVista Media GmbH, Cologne. The health portal onmeda.de offers extensive information on all subjects related to health.

By purchase agreement of August 26, 2008, AS Venture GmbH, Berlin, a subsidiary of Axel Springer AG, purchased 47.4 % of the equity in the online games provider Anbieter gamigo AG, Hamburg, and increased its equity stake in that company to 94.8 %.

On September 23, 2008, BILD digital GmbH & Co. KG, Berlin, a subsidiary of Axel Springer AG, purchased 51 % of the shares in Transfermarkt GmbH & Co. KG, Hamburg. This company operates Germany's biggest soccer community on the Internet.

On September 22, 2008, Verlag Sport Wochenzeitung AG, Zurich/Switzerland, an indirect subsidiary of Axel Springer AG, purchased all the equity of Avivum AG, Zurich/Switzerland, and PartyGuide.ch AG, Hünenberg/Switzerland. Avivum AG is a holding company that owns 100 % of the equity in usgang.ch GmbH, Zurich/Switzerland. The companies PartyGuide.ch AG and usgang.ch GmbH operate leisure and lifestyle portals in Switzerland.

Based on preliminary purchase price allocations, the preliminary acquisition costs of these business combinations, most of which was paid in cash, could be allocated to the purchased assets and liabilities at the acquisition date as follows:

€ thousands	Carrying amount before acquisition	Adjustment amount	Carrying amount after acquisition
Other intangible assets	268	9,488	9,756
Goodwill	0	13,044	13,044
Property, plant, and equipment	445	0	445
Non-current financial assets	9	0	9
Current assets	1,250	0	1,250
Cash and cash equivalents	1,205	0	1,205
Deferred tax assets	187	0	187
Provisions and liabilities	1,483	0	1,483
Deferred tax liabilities	0	1,168	1,168
Net assets	**1,881**	**21,364**	**23,245**
Minority interests	105	732	837
Acquisition Cost			**22,408**

Of the other intangible assets acquired, intangible assets with carrying amounts of € 4,624 thousand have indefinite useful lives. The goodwill arising on these transactions can be credited mainly to the positive expectations for the future business performance of the respective companies.

Since the respective dates of initial consolidation, these companies together have contributed € 7,096 thousand to the revenues and € 327 thousand to the net income. If these business combinations had been completed already on January 1, 2008, the revenues would have been higher by € 12,787 thousand and the net income by € 425 thousand. The contribution to the net income was influenced by the effects of purchase price allocations conducted in accordance with IFRS 3.

Business combinations in the prior year

In fiscal year 2007, Axel Springer AG directly or indirectly purchased equity shares in the following subsidiaries, which were included in the consolidated financial statements:

Shares representing 99.5 % of the equity in **Axel Springer Schweiz AG** (formerly Jean Frey AG), Zurich/Switzerland. The acquisition cost, which was paid in cash, amounted to € 98,272 thousand, including transaction costs.

Shares representing 60 % of the equity in **ZANOX.de AG**, Berlin. The acquisition cost for the purchase of 60 % of the equity in ZANOX.de AG amounted to € 160,857 thousand. Besides the purchase price paid in cash, this amount also contains success-contingent components of € 24,984 thousand and transaction costs of € 1,305 thousand.

Shares representing 41.4 % of the equity in **auFeminin.com S.A.**, Paris/France. The acquisition cost amounted to € 134,139 thousand. Besides the purchase price paid in cash, this amount also contained contingent purchase price liabilities under put options in the amount of € 39,582 thousand and transaction costs of € 1,290 thousand. As a result of this share purchase, Axel Springer Group exercised de facto control over the business policies of auFeminin.com S.A.

Acquisition of additional shares in **PIN Group AG**, Leudelingen/Luxembourg, bringing the company's equity stake to 71.6 %, and conclusion of an agreement on a put and call option for the purchase of additional shares. The total acquisition cost of Axel Springer AG for the acquisition of the majority interest, including the contingent purchase price liabilities under put options, the carrying amount of the shares held in associated companies and the transaction costs came to € 514,949 thousand. In the time since the acquisition date, PIN Group AG and its subsidiaries completed 11 business combinations, reducing the equity stake held by Axel Springer AG to 63.7 % at December 31, 2007. The acquisition costs of PIN Group AG and its subsidiaries for these business combinations amounted to € 135,056 thousand. Of this amount, € 94,146 thousand was paid in the form of in-kind capital contributions.

Increase to 95 % of the equity in **T+M-Verlagsgruppe**, 50.1 % of the equity in **wallstreet:online AG**, Berlin, 75.1 % of the equity in **wallstreet:online capital AG**, Berlin, 100 % of the equity in **Amiado AG**, Zurich/ Switzerland, the German-language TV listings magazines **TELE**, **TV4**, and **TV2**, and 74.9 % of the equity in **Anima Publishers s.r.o.**, Zlin/Czech Republic. The cumulative acquisition costs of these other acquisitions amounted to € 63,386 thousand. The total amount of purchase prices paid in cash amounted to € 56,248 thousand. This figure also included transaction costs of € 220 thousand. An amount of € 2,456 thousand related to the issuance of equity shares. Provisions of € 4,462 thousand were recognized for the put options and earn-out agreements assumed, representing the present value of the amounts expected to settle the corresponding obligations.

Based on the purchase price allocations, the cumulative acquisition costs of the business combinations can be allocated to the purchased cumulative assets and liabilities at the acquisition date as follows:

€ thousands	Carrying amount before acquisition	Adjustment amount	Carrying amount after acquisition
Other intangible assets	41,616	271,361	312,977
Goodwill	0	937,174	937,174
Property, plant, and equipment	31,440	0	31,440
Other non-current assets	20,318	0	20,318
Assets held for sale	10,594	42,100	52,694
Other current assets	109,238	0	109,238
Cash and cash equivalents	79,708	0	79,708
Deferred tax assets	9,777	98	9,875
Provisions and liabilities	312,155	– 2,880	309,275
Liabilities related to assets held for sale	6,058	0	6,058
Deferred tax liabilities	79	84,522	84,601
Net assets	**– 15,601**	**1,169,091**	**1,153,490**
Minority interests			46,831
Acquisition cost			**1,106,659**

Of the other intangible assets acquired, intangible assets with carrying amounts of € 168,612 thousand have indefinite useful lives. The goodwill arising on these transactions can be credited mainly to the positive expectations for the future business performance of the respective companies.

Since the respective dates of initial consolidation, these companies together contributed 284,978 thousand to the revenues and € – 68,733 thousand to the net income in fiscal year 2007. If these business combinations had been completed already on January 1, 2007, the revenues would have been higher by € 548,921 thousand and the net income lower by € 101,542 thousand. The contribution to the net income was influenced by the effects of purchase price allocations.

(d) Translation of separate financial statements denominated in foreign currency

The assets and liabilities of subsidiaries for which the functional currency is not the euro have been translated at the exchange rate in effect on the balance sheet date. The goodwill and fair value adjustments of assets and liabilities related to the acquisition of companies outside the European Monetary Union are treated as assets and liabilities of the acquired company and accordingly translated at the exchange rate in effect on the balance sheet date. Items of the income statement have been translated at the weighted average exchange rate for the year. Equity components of the subsidiaries have been translated at the historical exchange rate at the date of origination. The foreign exchange differences resulting from the translation have been recognized as currency translation adjustments within accumulated other comprehensive income and/or minority interests.

The exchange rates to the euro of foreign currencies that are significant for Axel Springer Group underwent the following changes in the past year:

Unit of foreign currency per one euro	Average exchange rate		Exchange rate on balance sheet date	
	2008	2007	12/31/2008	12/31/2007
Polish zloty	3.523	3.783	4.174	3.594
Russian ruble	36.896	35.018	41.372	36.108
Swiss franc	1.585	1.643	1.489	1.657
Czech koruna	25.078	27.766	26.660	26.589
Hungarian forint	250.118	251.350	265.640	253.333

(3) Explanation of significant accounting and valuation methods

(a) Basic principles

The accounting and valuation principles applied in fiscal year 2008 are basically the same as those applied in the prior year. In a departure from the principles applied in fiscal year 2007, equity changes from shareholder transactions, which are not recognized in the income statement were presented not in accumulated other comprehensive income, but in accumulated retained earnings in 2008. This change is meant to allow for a clearer presentation of the effects in accumulated other comprehensive income. In the balances carried forward at January 1, 2007 and January 1, 2008, the accumulated other comprehensive income was increased by € 44,614 thousand and by € 111,997 thousand, respectively, and the retained earnings balances were decreased by the same amounts.

For information on the changes in accounting and valuation methods resulting from new or revised IFRSs and IFRIC Interpretations, please refer to note (3r).

(b) Recognition of income and expenses

The Axel Springer Group generates mainly circulation revenues from sales of newspapers and magazines and advertising revenues. The advertising revenues encompass revenues from sales of advertising spaces in the published newspapers and magazines and the revenues generated in the categories of display, affiliate marketing, and search in the Digital Media segment. Revenues are recognized at the time when the significant risks of ownership have passed to the buyer, provided that the amount of revenue can be reliably measured and it is probable that economic benefits will flow to the enterprise. Revenues are stated net of any discounts allowed.

For publishing products, revenue is not recognized for that portion of products sold, which can be expected, on the basis of historical experience, to be returned.

If significant risks and rewards of business activities do not lie with the Axel Springer Group or the income is collected in the interest of third parties, only the corresponding commission income or proportion of revenue accruing to the Axel Springer Group are recognized as revenues.

If the fair value of the consideration received under barter transactions cannot be measured reliably, the fair value is determined on the basis of the performance rendered.

Other income is recognized when the future inflow of economic benefits from the transaction can be measured reliably and was received by the company during the reporting period.

Operating expenses are recognized either when the corresponding goods or services are sold or rendered, or at the time of their origination.

Interest expenses and income are recognized on an accrual basis in the period of their occurrence. Interest expenses incurred in connection with the acquisition and production of certain assets are not capitalized as assets in the financial statements of the Axel Springer Group. Income or expenses from profit/loss transfer agreements are recognized at the end of the fiscal year. They are measured as the profit or loss determined in accordance with the accounting rules of German commercial law. Dividend income is recognized at the date of distribution; the distribution period is normally the period in which a legal entitlement is constituted.

(c) Intangible assets

Internally generated intangible assets are measured as the sum of costs incurred in the development phase from the time when the technical and economic feasibility has been demonstrated until the time when the intangible asset has been completed. The capitalized production costs include all costs that are directly or indirectly allocable to the development phase. Purchased intangible assets are measured at cost. Internally generated and purchased intangible assets that have a determinable useful life are amortized over their expected useful lives using the straight-line method, starting from the time when they become available for use by the enterprise, as follows:

	Useful life in years
Software	3 – 8
Licenses	3 – 8
Supply rights	3 – 8
Internet platform	3 – 5
Customer relationships	3 – 16

Intangible assets with an indefinite useful life, which in the Axel Springer Group include goodwill, title rights, and brand rights, are not amortized. At present, the use of these assets by the company is not limited by any economic or legal restrictions. The carrying amounts of these intangible assets are subjected to an impairment test at least once a year. For the purpose of periodically testing these assets for possible impairment losses, Axel Springer AG defines cash-generating units to which these assets can be allocated.

(d) Property, plant, and equipment

Property, plant, and equipment are measured at cost and depreciated over their expected useful lives using the straight-line method. Any gains or losses on the disposal of property, plant, and equipment are recognized as other operating income or expenses.

Leased assets over which a company of the Axel Springer Group retains beneficial ownership are recognized as fixed assets and measured at the present value of the minimum future lease payments or the lower fair value of the leased asset and depreciated by the straight-line method. The present value of the payment obligations associated with the minimum future lease payments is recognized as a liability.

For depreciation purposes, the following useful lives are applied:

	Useful life in years
Buildings	30 – 50
Leasehold improvements	5 – 15
Printing machines	15 – 20
Editing systems	3 – 6
Other operational and business equipment	3 – 14

When it is reasonably certain that ownership of the assets leased under finance lease will pass to a company of the Axel Springer Group at the end of the lease period, such assets are depreciated over their useful lives.

Capital investment subsidies and bonuses granted by the government are recognized when it is reasonably certain that the subsidies will be granted and that the Group will fulfill the related terms and conditions. The bonuses and subsidies granted for the acquisition or construction of long-term assets are recognized as deferred income and presented among other liabilities. In subsequent periods, the deferred income item is released and recognized as income over the useful life of the corresponding assets.

(e) Investment property

Investment property that the Axel Springer Group intends to lease out to third parties is measured at amortized cost. Such property is depreciated over a useful life of 50 years using the straight-line method.

(f) Recognition of impairment losses in intangible assets and in property, plant, and equipment

Impairment losses are recognized in intangible assets, including goodwill, and in property, plant, and equipment, when as a result of certain events or changed circumstances the carrying amount of the asset exceeds its recoverable amount (fair value less the costs to sell or the value in use). If it is not possible to determine the recoverable amount of an individual asset, the cash flow for the next-higher group of assets for which such a cash flow can be determined is applied.

For purposes of conducting the impairment test, goodwill as well as title rights and brand rights are allocated to the internal cash-generating units ("reporting units"). In general, these reporting units correspond to specific titles and digital media, of the Axel Springer Group, considering, in particular, the dependent separate titles, digital media and subsidiaries within a single group. The impairment test is conducted on the basis of the value in use, determined as the sum of the discounted estimated future cash flows, which are derived from the company's Medium-Term Plan. The planning horizon for the detailed Medium-Term Plan approved by the Management Board is five years. The cash flows to be received after this five-year period are extrapolated on the assumption of a growth rate of 1.5 % (PY: 1.5 %), which does not exceed the assumed average market or industry growth rate of the respective reporting units. The discount rates are calculated on the basis of the weighted average capital costs of the Group, taking country-specific considerations into account. The discount rates range from 6.2 % to 12.8 % (PY: from 6.0 % to 11.8 %) after taxes and from 7.9 % to 16.0 % (PY: from 7.6 % to 14.6 %) before taxes.

The following assumptions applied in calculating the value-in-use amounts of the reporting units are fraught with estimation uncertainties:

Gross profit margins: The gross profit margins were determined on the basis of past historical values. They were extrapolated to the detailed Medium-Term Plan depending on the medium on which the business model of the given reporting unit is based (print, digital, etc.). It was assumed that gross profit margins in the electronic media sector will usually exhibit higher growth rates than in the print sector.

Discount rates: The discount rates reflect the current market estimates of the country-specific risks attributable to each reporting unit. The discount rate was estimated on the basis of the average weighted capital costs of the sector in question.

Estimates of growth rates: The growth rates were determined on the basis of published market research reports for the sectors in question. In estimating the long-term growth rates, due consideration was given to the compensatory effects between the different business lines, based on the adopted strategy of the Group.

Impairment tests of the goodwill resulting from preliminary purchase price allocations are conducted only when certain events have occurred.

Impairment losses are reversed when the recoverable amount exceeds the carrying amount of the asset. The reversal is limited to the amount which would have resulted if previous impairment losses had not been recognized. A recognized impairment loss in goodwill is never reversed.

(g) Financial instruments

Financial instruments are contracts that give rise to a financial asset for one company and a financial liability or equity instrument for the other company. Financial assets are mainly composed of cash and cash equivalents, trade receivables and receivables due from related parties, loans, investments in companies that fall under the scope of IAS 39, and derivative financial instruments with positive market values. Financial liabilities are mainly composed of trade payables and liabilities due to related parties, liabilities due to banks, liabilities under finance leases, and derivative financial instruments with negative market values.

The initial recognition and derecognition of financial instruments coincide with the settlement dates of customary market purchases and sales.

If reliably measurable, fair values of financial instruments are determined on the basis of appropriate market prices or valuation methods. If valuation methods are applied, the fair values are determined as the sum of the discounted expected cash flows based on reference interest rates in effect on the balance sheet date.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or when the Group transfers the contractual rights to receive the cash flows to third parties or assumes a contractual obligation to pay the cash flows immediately to a third party, under which the risks and rewards or the power of control were transferred. A financial liability is derecognized when the obligation underlying the liability is settled, annulled, or expires.

Financial assets

Non-current financial assets and securities

Investments in subsidiaries and associates that have not been consolidated or accounted for using the equity method in the consolidated financial statements (other non-current investments) are measured at fair value if it can be determined reliably on the basis of stock exchange or market prices and generally accepted valuation methods, respectively. Otherwise, they are measured at amortized cost. The valuation methods employed include especially the discounted cash flow method (DCF method) based on the expected investment income. However, the income is considered to be not reliably measurable in those cases when sufficiently detailed information is not available, when the fungibility/comparability of the investments in such companies are highly restricted, when the Axel Springer Group has no influence on the dividend policies by virtue of its status as a minority shareholder or when the dividend payments do not regularly occur in the same or subsequent fiscal year. Any unrealized gains or losses resulting from the changes in fair value of the financial instruments, considering resulting tax effects, are recognized in accumulated other comprehensive income. Changes in fair value are not recognized in income until the corresponding non-current financial assets are sold or an impairment loss is recognized.

Options on shares in unlisted investments are measured at amortized cost because it is not possible to determine the fair values of these derivatives reliably.

The carrying amounts of non-current financial assets and securities are reviewed at every balance sheet date to determine whether there are objective indications of an impairment. If an impairment is found to exist, an impairment loss is recognized and charged to income.

Loans, receivables, and other financial assets
Upon initial recognition, loans, receivables, and other financial assets are measured at fair value plus transaction costs. In subsequent periods, they are measured at amortized cost, after deduction of any write-downs, using the effective interest method. A write-down is taken when objective indications suggest that the receivable may not be fully collectible. Such an indication might be the insolvency or other considerable financial problems of the debtor, for example. The amount of the write-down is measured as the difference between the carrying amount of the receivable and the present value of the estimated future cash flows from this receivable, discounted by application of the effective interest rate. Write-downs are charged against income both in the form of an account for allowances on doubtful accounts and by means of direct write-downs. The account for allowances on doubtful accounts is used, in particular, for allowances on doubtful trade receivables and receivables due from related parties. If in subsequent periods the fair value has objectively risen, the write-downs are reversed and recognized in income in the appropriate amounts.

Cash and cash equivalents
The cash and cash equivalents consist of cash (cash in banks, cash on hand, and checks) and marketable securities. These items are measured at amortized cost.

Financial liabilities

Upon initial recognition, financial liabilities are measured at fair value, including the transaction costs. In subsequent periods, these items are measured at amortized cost by application of the effective interest method.

The acquisition costs related to options and earn-out agreements in connection with company transactions in which the Axel Springer Group acquires control over the companies in question are recognized as conditional purchase price liabilities and measured at their present value, provided that the acquisition costs are probable and can be measured reliably. The discount rates are determined on the basis of the interest rates charged on the Group's borrowings.

Derivative financial instruments

Derivative financial instruments are utilized in the Axel Springer Group exclusively to hedge against currency and interest rate risks that have an influence on future cash flows. Insofar as the conditions for the application of hedge accounting are met, the effective portion of the fair value changes, including the tax effects, is recognized directly in equity as accumulated other comprehensive income. Any ineffective portions are recognized immediately in income. The amounts recognized in accumulated other comprehensive income are recycled when the underlying transaction is recognized on the balance sheet or income statement. The changes in the fair value of derivatives that do not meet the conditions for the application of hedge accounting, despite their economic hedging effect, are measured at fair value through profit and loss.

(h) Inventories
Inventories are measured at cost. Purchase costs are determined on the basis of a weighted average value. Production costs include all costs directly related to the units of production and production-related overhead costs. Inventories are measured at the balance sheet date at the lower of the purchase or production cost and the net realizable value. The net realizable value is the estimated selling price less estimated costs to be incurred until the sale. The net realizable value of goods and services in progress is calculated as the net realizable value of finished goods and services less remaining costs of completion. Original values are reinstated whenever the reasons justifying an earlier write-down no longer exist.

(i) Assets held for sale and discontinued operations
Assets are categorized as held-for-sale when their carrying amounts will be recovered primarily through the sale, rather than through continued use in operations. Any division that is supposed to be sold, represents a significant geographical or operational business, is part of a specifically coordinated plan to sell a significant business, or is a subsidiary acquired exclusively with the intention of reselling it, is classified as discontinued operations.

The non-current assets held for sale are measured as the lower of the carrying amount or the fair value less costs to sell.

(j) Pension provisions

The provisions for pension obligations under defined benefit plans are calculated using the projected unit credit method under which future changes in compensation and benefits are taken into account. The following parameters were applied in the 2008 and 2007 fiscal years:

Information in %	2008	2007
Discount rate	3.0 / 5.8	3.0 / 5.4
Expected return on plan assets	3.25 – 3.5	3.25 – 3.5
Salary trend	1.5 – 2.5	1.5 – 2.0
Pension trend	0.25 – 2.25	0.25 – 2.0

The expected life spans are determined with reference to the country-specific recognized actuarial tables. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows. The discount rate applied for this purpose is determined with reference to high-quality corporate bonds that match the underlying pension obligations with respect to currency and maturity.

If and when the actuarial gains and losses resulting from changes in actuarial parameters exceed 10 % of the higher of pension obligations or plan assets at the beginning of the fiscal year, the amount exceeding the 10 % limit is recognized in income over the remaining service years of the employees entitled to the benefits (corridor method).

(k) Other provisions

Other provisions have been formed to account for all discernible legal and constructive obligations of the Axel Springer Group to third parties, provided that the settlement of the obligation is probable and the amount of the obligation can be reliably estimated. The amount of each provision corresponds to the expected settlement amount. In the case of long-term provisions, the expected settlement amount is discounted to the present value at the balance sheet date by application of appropriate market rates of interest. Provisions are recognized for restructuring expenses only when the intended measures have been sufficiently concretized and announced on or before the balance sheet date.

(l) Deferred taxes

Deferred taxes are recognized to account for the future tax effects of temporary differences between the tax bases of assets and liabilities and their carrying amounts in the IFRS financial statements, and for interest and loss carry-forwards. Deferred taxes are measured on the basis of the tax laws already enacted for those fiscal years in which it is probable that the differences will reverse or the tax losses can be utilized. Deferred tax assets are recognized for temporary differences or interest and tax losses only when the ability to utilize them in the near future appears to be reasonably certain. Deferred taxes are recognized for temporary differences resulting from the fair value measurement of assets and liabilities obtained through business combinations. Deferred taxes are recognized for temporary differences relating to goodwill only when the goodwill can be utilized for tax purposes. Deferred tax assets and liabilities of tax groups are netted if they are based on the same kind of income taxes; otherwise, they are netted only if the deferred taxes are based on the income taxes imposed by the same tax authority and only when current taxes can be netted as well.

(m) Treasury Shares

Treasury shares are measured at cost and are charged to equity, not income. The treasury shares are presented in a separate line item of the Statement of Changes in Equity.

(n) Share-based payment programs
As part of performance-based remuneration Axel Springer Group grants equity-settled share-based option programs. The compensation components to be recognized as expenses over the vesting period are measured as the fair value of the options granted at the time when they were granted. The fair values are determined on the basis of the Black-Scholes model. The additional paid-in capital is increased by the same amount.

(o) Liabilities related to assets held for sale
The liabilities and provisions of discontinued operations and other disposal groups are summarized under this balance sheet item.

(p) Transactions in foreign currencies
Purchases and sales in foreign currencies are translated at the exchange rate on the date of the transaction. Assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate on the balance sheet date. Any foreign exchange gains or losses resulting from such translations are recognized in income.

(q) Use of estimates
The preparation of the IFRS consolidated financial statements requires estimates and assumptions that have an influence on the presentation of assets and liabilities, the disclosure of contingent liabilities at the balance sheet date, and the presentation of income and expenses. Significant estimates and assumptions relate in particular to the definition of uniform, Group-wide useful lives for depreciation purposes, the rates used in determining allowances for doubtful receivables, the actuarial parameters used to measure pension provisions, the valuation parameters used to measure the fair value of share-based payment programs, the definition of product return rates, the estimated cash flows, interest rates and valuation parameters for goodwill and conditional purchase price liabilities for options and earn-out agreements in connection with business combinations, and the ability to utilize deferred tax assets in the future. Information concerning the carrying amounts determined with the use of estimates can be found in the comments on the specific line items.

(r) New accounting standards
The IFRSs and IFRIC Interpretations mentioned below were applied for the first time in 2008:

IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS “7 Financial Instruments: Disclosures”: In October 2008, the IASB published amendments to IAS 39 and IFRS 7, which can be applied as of July 1, 2008. In consideration of the financial markets crisis, these changes allow for the possibility of reclassifying certain financial assets as “held to maturity” and “available-for-sale” financial assets in accordance with IAS 39. The Group does not hold any financial assets to which these rules would be applicable.

IFRS 8 “Operating Segments”: The IASB published IFRS 8 in November 2006. From its effective date, IFRS 8 superseded IAS 14 “Segment Reporting.” The Group applied these changes ahead of time with effect from January 1, 2008. The disclosures prescribed by IFRS 8 and the adjusted comparison figures are presented in note (35) ff.

IFRIC 11 “IFRS 2 – Group and Treasury Share Transactions”: Under this Interpretation, agreements by which employees are granted rights to the equity instruments of an enterprise must also be accounted for as share-based payments to be settled by equity instruments if the enterprise buys the instruments from a third party or if the shareholders provide the required equity instruments. This Interpretation had no effects on the net assets, financial position, and operating results of the Group.

IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements, and their Interaction”: This Interpretation provides guidance for determining the maximum amount of the surplus under a defined benefit plan that can be recognized as an asset in accordance with IAS 19 “Employee Benefits.” This Interpretation had no effects on the net assets, financial position, and operating results of the Group.

The IFRSs and Interpretations by the IFRIC mentioned below have already been published, but not yet applied.

IFRS 1 “First-time Adoption of International Financial Reporting Standards” and IAS 27 “Consolidated and Separate Financial Statements”: The IASB published amendments to both these Standards in May 2008. These changes must be applied for the first time in fiscal years that begin on or after January 1, 2009. The changes made to IFRS 1 enable first-time adopters of IFRS to measure the cost of an investment in their separate financial statements either at the fair value or at the carrying amounts under the previously applied national accounting rules. This rule applies to investments held in jointly controlled entities, associates, and subsidiaries. The change to IAS 27 requires that all dividends received from subsidiaries, jointly controlled entities, or associates be recognized as income in the separate financial statements. The new requirements will have no effects on the consolidated financial statements of Axel Springer AG.

IFRS 2 “Share-based Payment”: In January 2008, the IASB published an amendment to IFRS 2, which clarifies the vesting conditions and the accounting treatment of validly cancelled plans. This amendment is not expected to have any significant effects on the net assets, financial position, and operating results of the Group.

IFRS 3 “Business Combinations” and IAS 27 “Consolidated and Separate Financial Statements”: The IASB published revised versions of the IFRS 3 and IAS 27 in January 2008. These revisions have not yet been incorporated into European law. The new rules must be applied for the first time in fiscal years that begin on or after July 1, 2009. They entail changes in the accounting treatment of business combinations occurring after this date, which will affect the recognized amount of goodwill, the results of the reporting period in which a business combination occurred, and future results. The changes to IAS 27 require that a change in the amount of equity held in a subsidiary (without loss of control) be accounted for as an equity transaction. Therefore, no goodwill and no gain or loss can be recognized in connection with such a transaction. Also, the rules applicable to the distribution of losses between the parent company and the non-controlling interests were changed, as were the rules applicable to the accounting treatment of transactions that lead to a loss of control. Consequential changes were made to IAS 7 “Cash Flow Statements,” IAS 12 “Income Taxes,” IAS 21 “Effects of Changes in Foreign Exchange Rates,” IAS 28 “Investments in Associates,” and IAS 31 “Interests in Joint Ventures.” These changes will have effects on future acquisitions, transactions leading to a loss of control, and transactions with minority interests.

IAS 1 “Presentation of Financial Statements”: The IASB published a revised version of IAS 1 in September 2007. The Standard must be applied for the first time in fiscal years that begin on or after January 1, 2009. The revised Standard requires that changes in equity resulting from transactions with owners in their capacity as equity providers be presented separately from other equity changes. The statement of changes in equity must present all details concerning transactions with owners, while all other equity changes must be presented in a single line item. Furthermore, the revised Standard requires that all components of income be presented either in a separate statement or in two related statements. Because these changes affect the presentation of the consolidated financial statements, they will not have any significant effects on the net assets, financial position and operating results of the Group.

IAS 23 “Borrowing Costs”: The IASB published a revised version of IAS 23 in April 2007. The new rules must be applied for the first time in fiscal years that begin on or after January 1, 2009. The revised Standard requires the capitalization of borrowing costs that are directly related to the acquisition, construction, or production of a qualifying asset. To date, the Group has recognized borrowing costs as expenses in the period in which they were incurred. The revised Standard is to be applied prospectively. We do not anticipate any significant effects on the net assets, financial position, and operating results of the Group.

IAS 32 “Financial Instruments: Presentation” and IAS 1 “Presentation of Financial Statements”: The IASB published amendments to IAS 32 and IAS 1 in February 2008. The new rules, which must be applied for the first time in fiscal years that begin on or after January 1, 2009, allow for limited exceptions under which puttable instruments and obligations arising on liquidation can be classified as equity, provided that they meet certain conditions. The additions to these Standards will not have significant effects on the net assets, financial position, and operating results of the Group.

IAS 39 "Financial Instruments: Recognition and Measurement": The IASB published amendments to IAS 39 in July 2008. These amendments have not yet been incorporated into European law. The new rules must be applied for the first time in fiscal years that begin on or after July 1, 2009. They clarify how the hedge accounting principles set forth in IAS 39 are to be applied to the designation of a one-sided risk in a hedged item and to the designation of inflation risks in a hedged item. The amendment clarifies that it is permissible to designate only a portion of the fair value changes or cash flow changes of a financial instrument as the hedged item. Because the Group has not entered into any such transactions to date, the amendments are not expected to have any significant effects on the net assets, financial position, and operating results.

IAS 39 "Financial Instruments: Recognition and Measurement": The IASB published amendments to IAS 39 in November 2008. These amendments have not yet been incorporated into European law. The amended version clarifies the effective date of the amendments to IAS 39 that were published in October 2008 (see above).

Different Standards: In May 2008, the IASB published the first-ever umbrella standard to amend different IFRSs. The principal objective of the umbrella standard is to resolve inconsistencies and clarify formulations. Each Standard has its own transitional rules. We do not anticipate any significant effects to result from the first-time application.

IFRIC 12 "Service Concession Arrangements": This Interpretation was published in November 2006, but has not yet been incorporated into European law by the EU. IFRIC 12 was to be applied for the first time in fiscal years that begin on or after January 1, 2008. The Interpretation governs the accounting treatment of the obligations undertaken and the rights received by service concession operators under service concession arrangements. Because no company of the Group is a service concession operator within the meaning of IFRIC 12, this Interpretation will have no effects on the Group.

IFRIC 13 "Customer Loyalty Programs": Published in June 2007, IFRIC 13 must be applied for the first time in fiscal years that begin on or after July 1, 2008. Under this Interpretation, the loyalty award credits granted to customers must be treated as a separate component of the revenues to which they relate. A portion of the fair value of the consideration received must be allocated to the loyalty award credits and recognized as deferred income in the balance sheet. This portion will be recognized as income in the period in which the loyalty award credits are redeemed. The new results are not expected to have significant effects on the net assets, financial position, and operating results of the Group.

IFRIC 15 "Agreements for the Construction of Real Estate": This Interpretation was published in July 2008 and has not yet been incorporated into European law. IFRIC 15 must be applied retroactively for the first time in fiscal years that begin on or after January 1, 2009. It clarifies when and how to account for the income and the corresponding expenses from the sale of real estate in cases when a property developer and a buyer have entered into an agreement prior to completion of the real estate. This Interpretation also provides guidance for determining whether an agreement falls under the scope of IAS 11 or under the scope of IAS 18. IFRIC 15 will not have any effects on the consolidated financial statements because the Group does not engage in such business activities.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation": IFRIC 16 was published in July 2008 and has not yet been incorporated into European law. The Interpretation must be applied for the first time in fiscal years that begin on or after October 1, 2008. IFRIC 16 clarifies what risks can qualify as a hedged risk in the hedge of a net investment in a foreign operation and where, within the group, the hedging instrument can be held to qualify for hedge accounting. This Interpretation is not expected to have any significant effects on the net assets, financial position, and operating results of the Group.

IFRIC 17 "Distributions of Non-cash Assets to Owners": This Interpretation was published in November 2008 and has not yet been incorporated into European law. IFRIC 17 must be applied for the first time in fiscal years that begin on or after July 1, 2009. This Interpretation governs the measurement of non-cash assets distributed to owners as a dividend. IFRIC 17 is not expected to have any significant effects on the net assets, financial position, and operating results of the Group.

IFRIC 18 "Transfers of Assets from Customers": IFRIC 18 was published in January 2009 and has not yet been incorporated into European law. This Interpretation must be applied for the first time to transfers of assets from customers that occur on or after July 1, 2009. The Interpretation provides additional guidance on the accounting treatment of transfers of assets from customers and is especially relevant to the energy sector. It clarifies the IFRS requirements for agreements under which an enterprise receives an item of property, plant, or equipment from a customer that the enterprise must then use to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. It also addresses those cases in which an enterprise receives cash that must be used only to acquire or construct such an item of property, plant, and equipment. This Interpretation is not expected to have any significant effects on the net assets, financial position, and operating results of the Group.

Notes to the consolidated balance sheet

(4) Intangible assets

The changes to the individual items of intangible assets are presented in the following table:

€ thousands	Purchased rights and licenses	Internally generated rights	Goodwill	Total
Acquisition or production cost				
Balance at January 1, 2007	158,330	23,921	156,748	338,999
Initial consolidation	245,113	8,434	257,753	511,300
Deconsolidation	– 817	0	– 2,357	– 3,174
Currency effects	– 1,039	– 13	– 48	– 1,100
Additions	33,284	942	0	34,226
Disposals	– 5,236	– 216	0	– 5,452
Transfers	7,281	– 7,915	0	– 634
Balance at December 31, 2007	**436,916**	**25,153**	**412,096**	**874,165**
Initial consolidation	6,315	667	4,324	11,306
Currency effects	8,802	31	5,867	14,700
Additions	31,243	1,041	7,416	39,700
Disposals	– 14,098	0	0	– 14,098
Transfers	514	0	42,103	42,617
Balance at December 31, 2008	**469,692**	**26,892**	**471,806**	**968,390**
Depreciation, amortization, and impairments				
Balance at January 1, 2007	93,788	6,493	48,276	148,557
Initial consolidation	1,995	0	0	1,995
Deconsolidation	– 778	0	0	– 778
Currency effects	48	– 8	0	40
Additions	19,404	3,159	0	22,563
Disposals	– 2,657	– 216	0	– 2,873
Transfers	– 19	– 27	0	– 46
Balance at December 31, 2007	**111,781**	**9,401**	**48,276**	**169,458**
Initial consolidation	403	0	0	403
Currency effects	698	– 6	0	692
Additions	55,746	4,081	2,107	61,934
Disposals	– 1,776	0	0	– 1,776
Write-ups	– 285	0	0	– 285
Balance at December 31, 2008	**166,567**	**13,476**	**50,383**	**230,426**
Carrying amounts				
As of December 31, 2008	303,125	13,416	421,423	737,964
As of December 31, 2007	325,135	15,752	363,820	704,707

The internally generated intangible assets consisted of software solutions and websites, in particular.

As a result of the annual impairment tests of the intangible assets recognized in connection with purchase price allocations (mainly title rights), impairment losses of € 28,731 thousand (PY: € 414 thousand) were recognized in fiscal year 2008.

Furthermore, impairment losses of € 2,107 thousand (PY: € 0 thousand) were recognized in goodwill of continuing operations in fiscal year 2008.

The intangible assets with indefinite useful lives and goodwill that have been assigned to the individual reporting units were distributed among the operating segments as follows:

€ thousands	2008	2007
Segment Newspapers National	1,500	1,500
Segment Magazines National	6,552	31,540
Segment Print International	51,109	52,215
Segment Digital Media	95,317	89,011
Intangible assets with indefinite useful lives	**154,478**	**174,266**
Segment Newspapers National	1,636	1,172
Segment Magazines National	15,768	17,719
Segment Print International	84,195	76,449
Segment Digital Media	318,010	266,866
Segment Services/Holding	1,814	1,614
Goodwill	**421,423**	**363,820**

(5) Property, plant, and equipment

The changes in property, plant, and equipment are presented in the table below.

€ thousands	**Land and buildings, including buildings on non-owned land**	**Technical equipment and machinery**	**Other equipment, operational and office equipment**	**Construction in progress**	**Total**
Acquisition or production cost					
Balance at January 1, 2007	550,062	533,635	152,910	2,124	1,238,731
Initial consolidation	1,647	14	6,383	0	8,044
Deconsolidation	0	0	– 645	0	– 645
Currency effects	– 88	6	604	1	523
Additions	2,468	3,497	15,146	4,431	25,542
Disposals	– 5,473	– 2,291	– 9,435	– 186	– 17,385
Transfers	29,123	819	228	– 416	29,754
Balance at December 31, 2007	**577,739**	**535,680**	**165,191**	**5,954**	**1,284,564**
Initial consolidation	0	79	1,032	0	1,111
Currency effects	268	24	– 1,231	– 15	– 954
Additions	1,933	3,179	15,071	1,751	21,934
Disposals	– 2,520	– 3,179	– 8,959	– 1,442	– 16,100
Transfers	– 2,715	2,879	1,707	– 4,166	– 2,295
Balance at December 31, 2008	**574,705**	**538,662**	**172,811**	**2,082**	**1,288,260**
Depreciation, amortization, and impairments					
Balance at January 1, 2007	139,268	240,246	104,292	622	484,428
Initial consolidation	0	0	3,520	0	3,520
Deconsolidation	0	0	– 542	0	– 542
Currency effects	– 15	– 31	87	0	41
Additions	11,461	24,406	15,217	0	51,084
Disposals	– 2,042	– 1,989	– 8,447	0	– 12,478
Transfers	1,676	– 3	49	0	1,722
Balance at December 31, 2007	**150,348**	**262,629**	**114,176**	**622**	**527,775**
Initial consolidation	0	79	710	0	789
Currency effects	53	– 15	– 223	0	– 185
Additions	11,604	23,582	14,312	0	49,498
Disposals	– 328	– 3,133	– 7,664	– 622	– 11,747
Transfers	– 193	132	74	0	13
Write-ups	0	0	– 133	0	– 133
Balance at December 31, 2008	**161,484**	**283,274**	**121,252**	**0**	**566,010**
Carrying amounts					
As of December 31, 2008	413,221	255,388	51,558	2,082	722,249
As of December 31, 2007	427,391	273,051	51,015	5,332	756,789

The assets leased under finance leases in the category of “technical equipment and machinery” were completely depreciated in fiscal year 2008. In the prior year, the residual carrying amounts of IT servers amounted to € 116 thousand.

At December 31, 2008, fully depreciated items of property, plant, and equipment with acquisition or production costs of € 145,981 thousand (PY: € 135,289 thousand) were in use.

(6) Investment property

The changes in investment property are presented in the following table:

€ thousands	Investment property
Acquisition or production cost	
Balance at January 1, 2007	78,339
Additions	99
Transfers	– 29,120
Balance at December 31, 2007	**49,318**
Additions	560
Transfers	2,440
Balance at December 31, 2008	**52,318**
Depreciation, amortization, and impairments	
Balance at January 1, 2007	38,867
Additions	592
Transfers	– 1,676
Write-ups	– 15,834
Balance at December 31, 2007	**21,949**
Additions	656
Transfers	193
Write-ups	– 142
Balance at December 31, 2008	**22,655**
Carrying amounts	
As of December 31, 2008	29,663
As of December 31, 2007	27,369

Some of the space in the new building in Berlin that was completed in 2004 is not being used by Group companies, but serves the purpose of generating rental income over the long term. The rededication of building space increased the percentage of space intended for rental to third parties in 2008. The occupancy rate at December 31, 2008 was about 91 %.

The fair value of the investment property at December 31, 2008 amounted to € 29,663 thousand (PY: € 27,369 thousand). The rededication of space resulted in a write-up of € 142 thousand (PY: € 15,834 thousand). The fair value was determined by application of the discounted cash flow method, with reference to the estimated cash flows from the rental of the property. In calculating this value, a discount rate of 8.0 % and a perpetuity capitalization rate of 7.0 % were applied.

Rental revenues of € 2,807 thousand (PY: € 2,716 thousand) were generated, and rental expenses of € 930 thousand (PY: € 1,165 thousand) were incurred in fiscal year 2008. Directly allocable expenses of € 96 thousand (PY: € 326 thousand) were incurred for the space that had not yet been rented.

(7) Non-current financial assets

The investments accounted for using the equity method showed the following development:

€ thousands	2008	2007
Carrying amount at January 1	639,371	269,332
Attributable net income	4,432	18,120
Dividends	– 32,166	– 21,505
Changes recognized in other comprehensive income	– 836	– 4,482
Impairment losses PRINOVIS Ltd. & Co. KG, Hamburg	– 60,000	0
Acquisitions	34,845	386,705
Reclassified as held-for-sale assets	– 456,049	0
Other changes	396	– 8,799
Carrying amount at December 31	**129,993**	**639,371**

The acquisitions in 2008 related to the purchase of a 33.3 % equity interest in StepStone ASA, Oslo/Norway.

The financial data for the investments accounted for using the equity method in 2008 is summarized in the table below:

€ thousands	12/31/2008	12/31/2007
Net income	– 14,029	– 3,516
Revenues	858,372	837,717
Assets	956,967	899,219
Liabilities	668,178	687,388

The financial data for the associated companies classified as held for sale (cf. notes (2b) and (13)) is summarized in the table below:

€ thousands	12/31/2008	12/31/2007
Net income	– 15,433	59,273
Revenues	633,474	583,015
Assets	1,115,870	1,070,607
Liabilities	732,569	617,955

Based on the publicly listed market prices, the fair values at December 31, 2008 of the Group's investments in the associated companies StepStone ASA, Oslo/Norway and ZertifikateJournal AG, Veitshöchheim, amounted to € 19,284 thousand and € 1,748 thousand (PY: € 6,270 thousands), respectively.

(8) Inventories

The inventories broke down as follows:

€ thousands	12/31/2008	12/31/2007
Raw materials and supplies	38,995	32,556
Semi-finished goods	2,471	2,994
Finished goods and merchandise	2,759	2,440
Inventories	**44,225**	**37,990**

Inventories of € 10,460 thousand (PY: € 9,128 thousand) were measured at their net realizable value. At December 31, 2008, the valuation allowance for these inventories amounted to € 1,943 thousand (PY: € 2,450 thousand), of which € 1,686 thousand (PY: € 1,224 thousand) was recognized in income in 2008.

(9) Trade receivables

The trade receivables broke down as follows:

€ thousands	12/31/2008	12/31/2007
Trade receivables, nominal	274,147	278,193
Allowances for doubtful trade receivables	– 9,272	– 8,972
Trade receivables	**264,875**	**269,221**

The changes in the allowances for doubtful trade receivables are presented in the table below:

€ thousands	2008	2007
Balance at January 1	8,972	9,506
Addition due to initial consolidation	104	1,283
Consumption	– 5,889	– 6,648
Reversals	– 784	– 558
Disposal due to deconsolidation	0	– 218
Additions	6,805	4,961
Other changes	64	646
Balance at December 31	**9,272**	**8,972**

At December 31, 2008, receivables in the amount of € 166,481 thousand (PY: € 167,166 thousand) were neither past due nor subject of valuation allowances. With regard to these receivables, there were no indications at the balance sheet date that would suggest that the customers would not fulfill their payment obligations.

The past-due trade receivables at the balance sheet date for which no valuation allowances have been charged are presented in the table below, aggregated by the number of days past due:

€ thousands	12/31/2008	12/31/2007
up to 30 days	43,188	50,691
31 to 90 days	35,054	18,828
91 to 180 days	3,420	5,802
181 to 360 days	11,675	6,785
361 days and longer	1,806	5,528

These amounts resulted mainly from barter transactions. In the Digital Media segment, some trade receivables must be classified as being due as soon as they are constituted.

(10) Receivables due from related parties

The receivables due from related parties broke down as follows:

€ thousands	12/31/2008	12/31/2007
Receivables due from associated companies	35,520	50,524
Receivables due from other related parties	20,062	12,893
Receivables due from related parties	**55,582**	**63,417**

The receivables due from associated companies included a reimbursement right for pension obligations in the amount of € 29,754 thousand (PY: € 30,684 thousand) (cf. note (15)).

The changes in the valuation allowances for receivables due from related parties are presented in the following table:

€ thousands	2008	2007
Balance at January 1 [1]	18,529	17,352
Addition due to initial consolidation	0	402
Reversals	– 250	– 58
Additions	1,001	833
Other changes	– 21	0
Balance at December 31	**19,259**	**18,529**

[1] Prior-year figures adjusted.

At December 31, 2008, receivables in the amount of € 49,895 thousand (PY: € 59,479 thousand) were neither past due nor subject of valuation allowances. With regard to these receivables, there were no indications at the balance sheet date that would suggest that the related parties would not fulfill their payment obligations. For more information on this subject, please refer to note (41).

(11) Receivables from income taxes

The decrease in the receivables from income taxes resulted mainly from tax refunds for the prior year and from the payment of the first installment of the corporate income tax credit. At December 31, 2008, the corporate income tax credit was € 51,768 thousand (PY: € 53,548 thousand), including a non-current portion of € 44,457 thousand (PY: € 46,511 thousand).

(12) Other assets

The other assets broke down as follows:

€ thousands	12/31/2008	12/31/2007
Advance payments	15,649	12,422
Credit balances in accounts payable	7,382	4,249
Receivables from Kirch insolvency	6,175	13,000
Receivables from other taxes	5,833	8,758
H&F Call Option	1,840	29,646
Receivables due from employees	1,483	1,949
Securities with a term of more than three months	0	20,242
Other	26,690	23,081
Other assets	**65,051**	**113,347**

By agreement of April 8, 2004, the shareholders H&F Rose Partners, L.P. and H&F International Rose Partners, L.P. (collectively referred to as "H&F" in the following) granted to Axel Springer AG call options for the purchase of Axel Springer AG shares. Thus, Axel Springer AG is entitled to purchase one share from H&F for each share issued to a member of the Management Board under the Management Participation Program. In the event that H&F would no longer have a sufficient number of Axel Springer AG shares to settle the call options because it would have sold the shares, Axel Springer AG will be entitled to a cash settlement in the amount of the difference between the sale price attained by H&F on the sale of its shares and the exercise price of the call option. The call options are recognized as financial assets and measured at fair value on the respective balance sheet date by application of an option pricing model. At the time when H&F granted the options to Axel Springer AG, the fair value of the options was € 19,800 thousand. Because the granting of options by H&F is categorized as a shareholder transaction, the additional paid-in capital was increased by the amount of the fair value. Changes in fair value of the options are recognized in the financial result. The decrease in fiscal year 2008 resulted mainly from the lower underlying stock exchange price.

An additional down payment of € 6,175 thousand (PY: € 13,000 thousand) is expected in 2009 on a receivable due from KirchMedia GmbH &Co KGaA i.L., which has been written down to a reminder value. The receivables that have been accepted in the table of claims by the insolvency administrator originally totaled € 325,000 thousand.

The securities with a term of more than three months that had been held in 2007 were completely sold in fiscal year 2008.

The miscellaneous financial assets include loans and receivables due from other investee companies and security deposits, among other items.

(13) Assets held for sale and liabilities related to held-for-sale assets

The sale of a 5.1 % interest in the equity in Doğan TV Holding A.S. ("Doğan TV") was initiated in the fourth quarter of 2008 and contractually finalized on November 27, 2008. The validity of the sale is dependent on various conditions precedent. The 25 % equity stake in Doğan TV was classified as held-for-sale (€ 352,016 thousand). The expenses recognized in accumulated other comprehensive income in connection with this sale amounted to € 16,710 thousand. Once the transaction is completed, the remaining investment in Doğan TV will be presented within the other non-current financial assets. The investment is assigned to the Digital Media segment. The assessment of the recoverability considers the existing agreement regarding the value retention mechanism.

Also in the fourth quarter of 2008, the sale of various investments in regional newspapers was initiated. By selling these minority investments, the Axel Springer Group intends to focus more closely on its own newspapers, the multimedia expansion of its core brands, and the acquisition of online growth businesses. The sale of a significant portion of these investments was contractually agreed on February 4, 2009. The validity of this sale is subject to the permission of the anti-trust authority. Due to the initiated selling activities, the investments were classified as held-for-sale (€ 122,527 thousand). These investments are presented in the segment Newspapers National.

The assets and related liabilities classified as held for sale in the prior year in connection with a planned spin-off of some of the activities of the zanox Group were reclassified to the corresponding balance sheet items in fiscal year 2008. In view of unresolved questions regarding the feasibility of the planned target structure, at the balance sheet date Axel Springer Group no longer believes that the target structure can be achieved with a high degree of probability. This decision did not have any effect on the operating results in fiscal year 2008, or in the prior year. The assets and related liabilities are presented in the Digital Media segment.

The assets and related liabilities classified as held for sale in the prior year in connection with the PIN Group and SAT.1 Beteiligungs GmbH were disposed of in 2008.

The carrying amounts of the assets and related liabilities held for sale at December 31, 2007 are presented in the table below:

€ thousands	12/31/2007
Intangible assets	174,724
Property, plant, and equipment	29,229
Non-current financial assets	531,652
Trade receivables	40,656
Cash and cash equivalents	27,476
Other assets	26,959
Assets held for sale	**830,696**
Provisions	6,080
Financial liabilities	94,390
Trade payables	31,664
Other liabilities	104,713
Deferred tax liabilities	21,700
Liabilities related to assets held for sale	**258,547**
Net balance of assets and liabilities	**572,149**

(14) Equity

The changes in consolidated equity are summarized in the Statement of Changes in Equity.

(a) Subscribed capital

The subscribed capital of € 98,940,000 is fully paid in. Based on the percentage of subscribed capital that each share represents, the shares are valued at € 3.00 per share. The subscribed capital is divided into 32,980,000 registered shares, which can be transferred only with the consent of the company.

(b) Additional paid-in capital

The additional paid-in capital resulted primarily from a shareholder contribution in the form of financial instruments granted in 2004 (H&F call option, see note (12)). The additional paid-in capital also includes the imputed compensation component of the Management Participation Program of Axel Springer AG and the stock option programs of auFeminin.com S.A., which was recognized as personnel expenses (see note (14f)).

(c) Accumulated retained earnings

Besides the net income for the current period, the accumulated retained earnings also include the income of past periods of the companies included in the consolidated financial statements, to the extent that they have not been distributed to shareholders. In 2008 Axel Springer AG has distributed an amount of € 122,400 thousands as dividend payments (€ 4.00 per qualifying share) for the fiscal year 2007.

As of 2008, equity changes resulting from owner transactions are no longer recognized in accumulated other comprehensive income, but in accumulated retained earnings (cf. note (3a)). The acquisition of minority interests in 2008 gave rise to equity reductions of € 30,997 thousand, mainly in connection with BILD digital GmbH & Co. KG and auFeminin.com S.A. (cf. note (2c)).

(d) Treasury shares

In 2008, Axel Springer AG extended an offer to its shareholders, offering to buy back up to 918,000 shares against payment of € 80.00 per share. The acceptance period began on June 25, 2008 and ended on July 25, 2008. A total of 917,341 shares were bought. After the buy-back, Axel Springer AG held 3,297,341 treasury shares, corresponding to almost 10.0 % of its capital stock. The buy-back offer was based on the resolution of the annual shareholders' meeting of April 24, 2008, which authorized the company to purchase treasury shares representing up to 10.0 % of the company's capital stock in the time until October 23, 2009.

(e) Accumulated other comprehensive income

The accumulated other comprehensive income breaks down as follows:

€ thousands	12/31/2008	12/31/2007
Adjustment for translation of financial statements in foreign currencies	11,379	1,144
Changes in fair value of available-for-sale securities	4	434,170
Changes in fair value of derivatives in cash flow hedges	– 10,986	195
Other changes not recognized in income in investments accounted for using the equity method	– 16,996	– 4,678
Other changes	– 79	– 1,744
Accumulated other comprehensive income	**– 16,678**	**427,943**

The change in the fair values of securities categorized as available for sale related almost exclusively to the shares held in ProSiebenSat.1 Media AG.

(f) Share-based payment

On April 14, 2004, the shareholders at the annual meeting of Axel Springer AG approved a Management Participation Program, under which the members of the Management Board of Axel Springer AG are entitled to purchase shares of Axel Springer AG. Under the terms of this plan, 62,300 shares were offered for purchase on or after July 1, 2004. The Management Board purchased the shares in August 2004 for a purchase price of € 54.00 per share (plus 2 % interest from July 1, 2004). Under the terms of the plan, the members of the Management Board were obligated to hold the shares for at least five years. This restriction ended when the financial investor H&F sold the majority of the shares it held in Axel Springer AG by way of a secondary placement in December 2006 ("H&F majority sale"). Accordingly, the Management Board would have been able to sell 50 % of the shares since the first anniversary of the H&F majority sale (December 18, 2007) and the remaining 50 % since the second anniversary of the H&F majority sale (December 18, 2008). At the balance sheet date, however, no shares had been sold. The granting of the shares generated expenses of € 1,602 thousand, which was recognized in 2004.

In addition, the members of the Management Board were granted, for each of the 62,300 shares purchased, eight additional options to purchase shares of Axel Springer AG. These options entitle their holders to purchase up to 498,400 shares at a price of € 54.00 per share, plus 2 % interest from July 1, 2004. The number of exercisable options was dependent on the achievement of certain EBITA targets in fiscal years 2005 and 2006. These targets were exceeded. The vesting period for the first 50 % of the options ended on December 18, 2007, and for the second 50 % of the options on December 18, 2008. All options were outstanding at December 31, 2008.

The fair values of the options granted were determined by application of the Black-Scholes model at the time when they were granted. The following parameters were applied for this purpose:

	Shares purchased	Options
Share price in €	82.00	82.00
Exercise price in €	54.13	60.97
Interest rate for risk-free investments, in %	2.07	3.70
Expected life, in years	0.33	6.00
Expected volatility, in %	27.50	27.50
Expected dividend yield, in %	1.67	1.67
Fair value at grant date, in €	26.18	32.14

The total compensation component of the Management Participation Program is € 16,018 thousand. The compensation component recognized as an expense was € 406 thousand (PY: € 969 thousand). The additional paid-in capital was increased by the same amount.

In fiscal year 2008, the auFeminin.com S.A., Paris/France, granted its senior executives subscription rights for free shares and stock options. These share-based payments must be settled with shares of auFeminin.com S.A.

The 53,000 free shares that were granted in April 2008, as well as the 37,000 free shares that had already been granted at the date of acquisition of auFeminin.com S.A. in July 2007, will be transferred to the plan participants after a period of two years after the grant date provided that certain operating targets (particularly EBIT and revenue targets), and in some cases also market goals (quotas audience group), have been achieved, provided that the participants are still employed with the company and provided that the free shares have not expired. The holding period after the transfer of shares is an additional two years.

The 99,000 stock options, each one entitling the holder to purchase one share of auFeminin.com S.A., that were granted by the April 2008 stock option plan, as well as the 74,000 stock options that had already been granted at the date of acquisition of auFeminin.com S.A. in July 2007, will become vested in equal annual installments over a period of four years. The option grant is not conditioned on any further earnings or market conditions. These options can be exercised for the first time at the end of the fourth year after the options were granted and for a total of four years thereafter. The stock options entitle the holders to purchase up to 99,000 shares at a price of € 20.46 per share.

The fair values of the rights to purchase free shares that were granted in 2008 were determined on the basis of the officially quoted stock exchange price of auFeminin.com S.A. shares at the grant date, in the amount of € 13.50 (PY: € 24.79, € 30.60, and € 31.82, respectively). The fair values of the stock options granted in fiscal year 2008 were determined by application of the Black-Scholes model at the grant date. For this purpose, the following parameters were applied:

	Options April 2008
Share price in €	13.50
Exercise price in €	20.46
Interest rate for risk-free investments, in %	3.74
Expected life, in years	4.00
Expected volatility, in %	25.00
Expected dividend yield, in %	0.00
Fair value at grant date in €	1.43

At the time when auFeminin.com S.A. was acquired in July 2007, a total of 74,000 options with a weighted average purchase price of € 18.95 were outstanding. In 2008, no options expired, but 40,000 rights to purchase free shares expired, so that a total of 173,000 stock options with a weighted average purchase price of € 19.82 and 50,000 rights to obtain free shares were outstanding at the balance sheet date. None of these options was yet exercisable at the balance sheet date.

The compensation expenses for the share-based payment programs of auFeminin.com S.A. amounted to € 617 thousand in fiscal year 2008 (PY: € 393 thousand). The additional paid-in capital was increased by the same amount.

(g) Minority interests

The minority interests related mainly to the following companies:

€ thousands	12/31/2008	12/31/2007
zanox Group	17,472	15,130
auFeminin Group	11,102	19,124
wallstreet:online AG, Berlin	5,686	10,966
Special-purpose entities	3,399	1,242
PIN Group	0	16,884
BILD digital GmbH & Co. KG, Berlin	0	13,543
Other companies	4,907	4,206
Minority interests	**42,566**	**81,095**

(15) Pension obligations

Provisions for pensions have been established to account for the obligations arising from vested pension rights and current benefits for former and active employees of the Axel Springer Group and their survivors. The different pension plans within the Group are organized in accordance with the legal, tax-related, and economic conditions of each country. The Axel Springer Group has both defined benefit plans and defined contribution plans.

A defined contribution plan is a pension plan under which the Group makes fixed payments to third parties. Under such plans, the Group bears no legal or constructive obligation to pay additional contributions if the third party would not have sufficient assets to satisfy the pension claims of the employees in question. Under its defined contribution pension plans, the Group makes contributions to public-sector pension insurance carriers by virtue of the applicable laws. The current contribution payments are presented as social security costs within personnel expenses (see note (25), € 39,208 thousand in 2008 (PY: € 38,733 thousand)).

By contrast, a defined benefit plan typically defines a certain amount of pension benefits that the employee will receive from the company. The provision for defined benefit plans recognized in the balance sheet corresponds to the present value of these obligations at the balance sheet date, corrected for actuarial gains or losses (corridor method), and reduced by the fair value of the plan assets.

Expenses of € 22,077 thousand were incurred for defined benefit pension plans in 2008 (PY: € 21,596 thousand). These expenses broke down as follows:

€ thousands	2008	2007
Current service cost	7,461	8,453
Interest expense	20,123	17,995
Employee contribution	– 1,381	– 1,116
Expected income from plan assets	– 2,508	– 2,154
Effects of adjustment as per IAS 19.58	0	– 98
Reimbursement of interest expenses	– 1,618	– 1,484
Pension expenses	**22,077**	**21,596**
Actual income from plan assets	1,574	1,753

The service cost, the employee contributions, and the realized actuarial gains and losses are presented within the personnel expenses. The interest portion contained in the pension expenses, the expected income from the plan assets and the effects of the adjustment according to IAS 19.58 are presented as components of interest expenses. The service cost for 2008 includes realized actuarial losses of € 7 thousand (PY: € 8 thousand).

The amount of the provision recognized in the balance sheet was calculated as follows:

€ thousands	12/31/2008	12/31/2007
Present value of defined benefit obligations financed by fund	83,586	71,404
Fair value of plan assets	– 76,184	– 66,106
Assets from over-coverage	473	896
Present value of defined benefit obligations financed by provision	336,122	336,245
Unrealized actuarial gains and losses	10,914	5,370
Provision	**354,911**	**347,809**
Reimbursement right	– 29,754	– 30,684
Net obligation	**325,157**	**317,125**

With regard to the pension obligations funded by pension plans, the excess of plan assets in one of the pension plans gave rise to an asset that was presented within the other assets.

In connection with the contribution of the rotogravure printing operations to PRINOVIS Ltd. & Co. KG, Hamburg, it was also agreed in 2005 to transfer the pension obligations attributable to this division. The Commercial Register entry, upon which the legal validity of this transfer depends, had not yet been effected at the balance sheet date for the current pension obligations and the vested pension claims of former employees. By virtue of contractual agreements, Axel Springer AG is entitled to reimbursement of the pension obligations or pension expenses arising in this respect. The reimbursement right is presented as a separate asset (see note (10)), whereas in the income statement, the income from the reimbursement is netted with the corresponding pension expenses. In 2008, this provision amounted to € 29,754 thousand (PY: € 30,684 thousand).

The fair value of the plan assets, which exist only in one non-EU country, showed the following changes:

€ thousands	2008	2007
Plan assets at January 1	66,106	0
Change in consolidation group	0	62,630
Expected income from plan assets	2,508	2,154
Employee contribution	1,381	1,116
Employer contribution	1,230	967
Benefits paid	– 1,565	– 357
Actuarial losses/gains	– 935	– 404
Exchange rate changes	7,458	0
Plan assets at December 31	**76,184**	**66,106**

The plan assets consist primarily of claims under pension liability insurance policies and the assets of an employee pension plan. The expected income from these assets was calculated on the basis of the prevailing expectations at this time for the market developments in the period in which the obligations will be settled.

The changes in the present value of the pension obligations financed by fund and by provision are presented in the table below:

€ thousands	2008	2007
Obligation at January 1	407,649	362,502
Change in consolidation group	0	67,242
Current service cost	7,461	8,453
Interest expense	20,123	17,995
Actuarial losses	– 6,512	– 33,146
Payments by employees	3,146	3,183
Transfer of pension obligation	0	96
Exchange rate changes	8,143	– 113
Payments to retirees	– 20,301	– 18,563
Obligation at December 31	**419,708**	**407,649**

Of the indicated pension payments, an amount of € 2,548 thousand (PY: € 2,564 thousand) related to the pension obligations that have not yet been transferred to PRINOVIS Ltd. & Co. KG, Hamburg, which are the subject of the reimbursement right.

In fiscal year 2009, contributions to fund-financed defined benefit plans are expected to total € 1,730 thousand.

The amounts of the current and the prior four reporting periods are summarized in the table below:

€ thousands	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Present value of defined benefit obligations financed by fund	83,586	71,404	-	-	-
Fair value of plan assets	76,184	66,106	-	-	-
Present value of defined benefit obligations financed by provision	336,122	336,245	362,502	370,151	331,216
Experience-based adjustments to plan liabilities	2,820	1,848	2,926	-	-
Experience-based adjustments to plan assets	16	9	-	-	-

(16) Other provisions

The other provisions broke down as follows:

€ thousands	Balance at 01/01/2008	Utilization	Reversal	Addition	Other changes	Balance at 12/31/2008
Partial early retirement program (Altersteilzeit)	41,125	12,951	2,087	10,380	– 59	36,407
Other obligations towards employees	37,317	35,432	1,334	35,681	454	36,686
Returns	31,441	28,579	2,862	28,995	2,163	31,157
Litigation expenses	26,855	8,353	12,386	6,163	– 115	12,164
Structural measures	26,229	16,680	6,608	12,624	132	15,696
Discounts and rebates	7,565	6,752	706	6,328	161	6,596
Other taxes	6,949	5,661	1,153	2,261	0	2,396
Dismantling obligations	4,647	19	1,224	453	180	4,036
Other	31,225	15,792	5,409	14,081	461	24,566
Other provisions	**213,353**	**130,220**	**33,769**	**116,966**	**3,374**	**169,704**

The other obligations towards employees primarily included variable compensation tied to performance and loyalty bonuses. The provisions for litigation expenses at December 31, 2008 were mainly composed of provisions related to the sale of the Books segment in 2003, and for legal disputes based in corporate law, cartel law, and journalism law. In the estimation of the company, the outcome of these disputes will not generate any significant expenses beyond the provisions at December 31, 2008. The miscellaneous other provisions account for anticipated losses on rental agreements, interest from tax audits, contributions, and custody/archiving obligations, among others.

The other changes resulted primarily from currency translation differences and compound interest in the amount of € 1,440 thousand (PY: € 110 thousand).

Non-current provisions are contained primarily in the provisions for partial early retirement programs (Altersteilzeit), in the amount of € 22,738 thousand (PY: € 27,790 thousand), dismantling obligations in the amount of € 2,785 thousand (PY: € 3,112 thousand), and structural measures in the amount of € 1,215 thousand (PY: € 1,215 thousand).

(17) Financial liabilities

The financial liabilities broke down as follows:

€ thousands	12/31/2008	12/31/2007
Liabilities due to banks	524,028	940,944
Liabilities under finance leases	0	193
Financial liabilities	**524,028**	**941,137**

The liabilities due to banks at December 31, 2008 were characterized by utilization, interest rates, and maturities set forth in the table below. All liabilities are denominated in euros. Short-term loans are not presented in the table.

2008 € thousands	2007 € thousands	Interest rate in %	Maturity
430,000	840,000	3-month EURIBOR + 0.15	08/14/2013
37,320	39,524	5.64	10/31/2012
18,376	19,649	4.63	07/31/2011
15,242	15,875	5.65	06/30/2012
11,649	12,179	5.09	11/30/2013
6,711	7,190	3-month EURIBOR + 0.30	10/15/2022
1,500	4,500	3.99	03/31/2009

The interest rates were mainly equivalent to the effective rates of interest. In the case of fixed-interest loans, the interest rates are fixed until the maturity date.

Furthermore, at the balance sheet date additional unused short-term and long-term credit facilities amounted to € 1,095 million (PY: € 685 million).

(18) Liabilities due to related parties

The liabilities due to related parties broke down as follows:

€ thousands	12/31/2008	12/31/2007
Liabilities due to associated companies	9,036	20,103
Liabilities due to other related parties	15,482	22,682
Liabilities due to related parties	**24,518**	**42,785**

(19) Liabilities from income taxes

This item contained the taxes still to be paid for past fiscal years and those resulting from tax audits. The decrease resulted mainly from subsequent tax payments for prior fiscal years.

(20) Other liabilities

The other liabilities broke down as follows:

€ thousands	12/31/2008	12/31/2007
Prepaid subscriptions	64,871	64,259
Acquisition-related liabilities	54,373	122,008
Advance payments	30,313	21,413
Liabilities from other taxes	27,649	26,797
Liabilities due to employees	26,171	26,899
Capital investment subsidies	18,932	8,968
Liabilities from derivatives	15,236	1,578
Debit balances in accounts receivable	10,718	9,792
Liabilities for duties and contributions	4,373	5,030
Liabilities due to social insurance carriers	2,789	3,112
Other	25,676	26,218
Other liabilities	**281,101**	**316,074**

Acquisition-related liabilities consisted of contingent liabilities resulting from put options and earn-out agreements (see note (2c)) in respect of business combinations and acquisition of minority interests. The liabilities due to employees related to outstanding wage and salary payments, management bonus and severance award claims, as well as liabilities resulting from overtime and unused vacation.

(21) Maturity analysis of financial liabilities

We continually monitor the availability of financial resources to fund the company's operating activities and finance investments by means of a Group-wide liquidity planning system. In particular, the financial resources raised by the Group's credit facility have contributed to the high degree of financial flexibility of the Axel Springer Group.

The contractually agreed (undiscounted) payments related to non-derivative financial liabilities and derivative financial instruments are presented in the following table:

€ thousands	Carrying amount at 12/31/2008	Undiscounted cash outflows 2009	2010 – 2013	2014 ff.
Liabilities due to banks	524,028	32,348	575,835	4,692
Other non-derivative financial liabilities	254,063	247,596	1,890	4,577
Non-derivative financial liabilities	**778,091**	**279,944**	**577,725**	**9,269**
Derivative liabilities from the purchase of minority interests	29,886	3,734	29,145	
Derivatives designated as a hedging instrument	15,236	3,628	11,370	238
Derivative financial liabilities	**45,122**	**7,362**	**40,515**	**238**
Derivatives designated as a hedging instrument	19	19		
Derivatives not designated as a hedging instrument	1,840	758	1,082	
Derivative financial assets	**1,859**	**777**	**1,082**	

Notes to the consolidated income statement

(22) Revenues

The revenues broke down as follows:

€ thousands	2008	2007
Circulation revenues	1,215,784	1,190,614
Advertising revenues	1,248,074	1,193,166
Printing revenues	46,545	45,033
Other revenues	218,135	149,120
Revenues	**2,728,538**	**2,577,933**

The revenues from barter transactions amounted to € 33,352 thousand in 2008 (PY: € 25,059 thousand). These revenues were generated mainly from the bartering of advertising services.

(23) Other operating income

The other operating income broke down as follows:

€ thousands	2008	2007
Income from other goods and incidental services	49,521	48,215
Income from cost allocations to related parties	9,198	11,950
Income from Kirch insolvency	6,175	13,000
Rental and leasing income	4,929	4,127
Foreign exchange gains	1,752	1,164
Income from reversal of capital investment subsidies	1,052	1,322
Income from disposal of fixed assets	885	6,581
Miscellaneous operating income	12,009	18,865
Other operating income	**85,521**	**105,224**

For information about the income from the Kirch insolvency, please refer to note (12).

The income from other goods and incidental services consisted mainly of income from cooperation agreements and other transactions with media partners and miscellaneous companies.

The miscellaneous operating income for both 2008 and 2007 contained write-ups of investment properties (see note (6)).

(24) Purchased goods and services

The purchased goods and services broke down as follows:

€ thousands	2008	2007
Raw materials and supplies and purchased merchandise	314,112	328,302
Purchased services	631,261	554,459
Purchased goods and services	**945,374**	**882,761**

The paper costs represented € 223,872 thousand (PY: € 244,889 thousand) of the cost of purchased raw materials and supplies.

The cost of purchased services was predominantly composed of purchased third-party printing services and professional fees, as well as publisher services. The increase in these expenses resulted mainly from the first-time full consolidation of the companies of the zanox Group.

(25) Personnel expenses

The personnel expenses split up as follows:

€ thousands	2008	2007
Wages and salaries	626,035	610,308
Social security	82,430	79,513
Expenses for share-based payments	1,023	969
Pension expenses	8,412	8,453
Other benefit expenses	4,557	2,634
Personnel expenses	**722,457**	**701,877**

The average number and breakdown of the Group's employees are presented in the table below:

	2008	2007
Salaried employees	6,112	5,771
Editors	3,566	3,529
Wage-earning employees	988	1,048
Total employees	**10,666**	**10,348**

(26) Depreciation, amortization, and impairments

The depreciation, amortization, and impairments split up as follows:

€ thousands	2008	2007
Impairment losses in goodwill	2,107	0
Amortization of other intangible assets	31,096	22,149
Impairment losses in other intangible assets	28,731	414
Depreciation of property, plant, and equipment	49,492	51,000
Impairment losses in property, plant, and equipment	7	84
Depreciation of investment property	656	592
Depreciation, amortization, and impairments	**112,088**	**74,239**

The increase in the amortization of other intangible assets resulted from the amortization charges deriving from the purchase price allocations for business combinations.

For information on the impairment losses in goodwill in the current year and the impairment losses in other intangible assets, please refer to note (4).

The impairment losses in non-current financial assets are included in the income from investments.

(27) Other operating expenses

The other operating expenses broke down as follows:

€ thousands	2008	2007
Mailing and postage expenses	170,845	160,594
Advertising expenses	152,864	163,093
Expenses for non-company personnel	91,853	87,148
Commissions and gratuities	83,630	79,487
Rental and leasing expenses	33,410	30,667
Services provided by related parties	29,663	36,433
Maintenance and repairs	26,886	28,069
Travel expenses	20,127	18,098
Other taxes	8,722	6,131
Adjustment of allowances for doubtful receivables	5,362	5,569
Foreign exchange losses	4,465	1,812
Miscellaneous expenses	69,508	67,329
Other operating expenses	**697,335**	**684,430**

The following table presents the professional fees for the services rendered to Axel Springer AG and consolidated subsidiaries in the fiscal years 2008 and 2007 by the auditor Ernst & Young AG:

€ thousands	2008	2007
Audits of the annual financial statements	627	656
Other certification or appraisal services	130	241
Tax advisory services	561	361
Other services	220	563
Total professional fees	**1,538**	**1,821**

The professional fees for the audit of financial statements include the audit of the separate financial statements of Axel Springer AG and other German subsidiaries, and the audit of the consolidated financial statements. The other certification and appraisal services include fees for the auditor's review of the quarterly financial statements, the semi-annual financial statement, and the audits to verify compliance with certain contractual agreements. The tax advisory fees include support provided with regard to specific tax questions.

(28) Income from investments

The income from investments was composed in particular of dividends collected by the Group. In addition, an impairment loss of € 60,000 thousand was recognized in the carrying amount of the investment in PRINOVIS Ltd. & Co. KG, Hamburg.

The increase in the other investment income over the current year resulted mainly from the gain of € 438,250 thousand on the sale of shares in ProSiebenSat.1 Media AG, Unterföhring.

(29) Financial result

The financial result broke down as follows:

€ thousands	2008	2007 [1]
Interest income from derivatives	14,810	2,484
Interest income from bank accounts	5,772	6,267
Interest income from loans and securities	1,343	1,291
Other interest income	11,453	5,960
Interest income	**33,378**	**16,002**
Interest expenses on liabilities due to banks	– 29,278	– 23,836
Interest expenses on pension provisions less reimbursements	– 18,034	– 16,511
Interest expenses from derivatives	– 10,815	– 4,533
Miscellaneous interest expenses	– 8,607	– 6,686
Interest and similar expenses	**– 66,734**	**– 51,566**
Other financial result	**– 28,191**	**– 10,798**
Financial result	**– 61,547**	**– 46,362**

[1] Prior-year figures adjusted.

The other financial result contained expenses of € 27,806 thousand for the change in fair value of the H&F options (PY: € 16,008 thousand).

The total interest income and expenses for those financial assets and liabilities that were not measured at fair value through profit or loss are presented in the table below:

€ thousands	2008	2007
Total interest income	9,840	10,382
Total interest expenses	– 32,427	– 29,804

(30) Income taxes

The income taxes paid or owed in every country and the deferred taxes are recognized under income taxes. The income taxes consist of the trade tax, corporate income tax, and solidarity surcharge, and the corresponding foreign income taxes. The income tax expenses are broken down below with respect to the country of origin:

€ thousands	2008	2007
Current taxes – domestic	111,466	116,806
Current taxes – foreign	8,783	8,931
Current taxes	**120,249**	**125,737**
Deferred taxes – domestic	– 4,863	– 29,940
Deferred taxes – foreign	1,801	– 5,517
Deferred taxes	**– 3,062**	**– 35,457**
Income taxes on continuing operations	**117,187**	**90,280**
Income taxes on discontinued operations	0	– 29,074
Income taxes	**117,187**	**61,206**

In the table below, the expected income tax expenses that would have arisen if the tax rate of the Group parent company Axel Springer AG, which is 31.19 % (PY: 39.63 %), had been applied to the IFRS net income before taxes and minority interests, are reconciled with the income tax expenses appearing in the income statement:

€ thousands	2008	2007
IFRS income before income taxes	688,254	– 227,225
Group tax rate	31.19 %	39.63 %
Expected tax income/expenses	**214,666**	**– 90,049**
Differing tax rates	15,364	4,559
Changes in tax rates	283	– 45,776
Corporate income tax credit, corporate income tax increase/decrease	0	352
Permanent differences	33,586	182,187
Adjustments to carrying amounts and liabilities of deferred taxes	– 3,838	29,287
Current income taxes for prior years	3,862	24
Deferred income taxes for prior years	169	– 3,299
Non-deductible income taxes	21	225
Non-deductible operating expenses	11,359	2,379
Tax-exempt income	– 160,191	– 14,631
Trade tax additions/deductions	1,264	– 1,618
Other effects	643	– 2,434
Income taxes	**117,187**	**61,206**

The 2008 Corporate Income Tax Reform Act was adopted by resolution of the Bundesrat on July 6, 2007. Essentially, this law provides for a reduction of the tax rates and (for counter-financing purposes) a broadening of the tax base. Thus, the deductibility of interest expenses is limited to 30 % of the EBITDA for tax purposes and the trade tax expenses will no longer be considered deductible expenses. In 2007, due to the excess of liabilities over assets in the Axel Springer Group, the application of the new, reduced tax rates for the purpose of calculating the deferred taxes led to income of € 43,141 thousand.

Companies having the legal form of a corporation resident in Germany are subject to corporate income tax at the rate of 15 % (PY: 25 %) and the solidarity surcharge of 5.5 % of the corporate income tax owed. In addition, these companies are subject to trade tax, the amount of which is determined in accordance with assessment rates that vary from one municipality to the next. Companies having the legal form of a partnership are subject to trade tax exclusively. The net income is assigned to the shareholder for purposes of corporate income tax.

The effects of different tax rates for partnerships and for foreign income taxes from the tax rate applicable to the Group parent company Axel Springer AG are explained in the reconciliation in the item differing tax rates. The permanent differences resulted mainly from impairment losses in goodwill, deconsolidation effects, and foreign losses that are not taken into account for tax purposes. The tax exemption effects resulted mainly from the sale of shares in ProSiebenSat.1 Media AG.

The adjustments made to the carrying amounts of deferred taxes included € 14,982 thousand (PY: € 29,944 thousand) for the non-recognition of deferred taxes on tax loss carry-forwards.

Deferred tax assets and liabilities were recognized to account for temporary differences and tax loss carry-forwards, as follows:

€ thousands	12/31/2008		12/31/2007	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	16,767	62,597	3,495	83,475
Non-current assets under finance leases	0	0	0	34
Other property, plant, and equipment	102	126,145	570	130,339
Non-current financial assets	4,576	18,233	10,797	27,104
Inventories	915	0	915	0
Receivables and other assets	1,504	8,089	3,114	8,215
Pension provisions	21,121	0	20,744	0
Other provisions	5,611	203	8,381	194
Liabilities	7,345	375	4,426	279
Temporary differences	**57,941**	**215,642**	**52,442**	**249,640**
Tax loss carry-forwards	**8,046**	**0**	**9,360**	**0**
Total	**65,987**	**215,642**	**61,802**	**249,640**
Netting	– 49,385	– 49,385	– 51,175	– 51,175
Amounts as per balance sheet	**16,602**	**166,257**	**10,627**	**198,465**

In the prior year, an amount of € 5 thousand of the deferred tax assets was related to assets held for sale and € 21,700 thousand of the deferred tax liabilities was related to liabilities associated with held-for-sale assets.

The net balance of deferred tax items from January 1 to December 31, 2008, was derived as follows:

€ thousands	2008	2007
Deferred tax assets at January 1	10,627	18,191
Deferred tax liabilities at January 1	– 198,465	– 172,565
Net tax position at January 1	**– 187,838**	**– 154,374**
Deferred tax expenses of current year	3,062	30,988
Changes in deferred taxes recognized in other comprehensive income	2,905	9,548
Changes in consolidation group	32,216	– 74,000
Net tax position at December 31	**– 149,655**	**– 187,838**
Deferred tax assets at December 31	16,602	10,627
Deferred tax liabilities at December 31	– 166,257	– 198,465

Of the deferred tax assets, an amount of € 7,824 thousand (PY: € 2,023 thousand) can be realized in the short term; of the deferred tax liabilities, an amount of € 2,443 thousand (PY: € 17,375 thousand) can be realized in the short term.

The amount of deferred tax assets that must be disclosed in accordance with IAS 12.82 was € 17,104 thousand (PY: € 8,554 thousand). It is expected that this amount can be realized in subsequent years by application against the available operating income and structural measures.

Deferred taxes in the total amount of € 2,621 thousand (PY: € – 4,622 thousand) were recognized directly in equity, as they relate to matters that were likewise recognized directly in equity.

Under the current state of the law, the ability to carry forward temporary differences in Germany and abroad is not subject to any restrictions. Tax losses can be carried forward indefinitely in Germany; in foreign countries, the ability to carry forward the tax losses is restricted in some cases. Deferred tax assets are recognized to account for temporary differences and tax loss carry-forwards (from continuing operations) to the extent that the likelihood of utilizing them in the near future is sufficiently certain. In fiscal years 2008 and 2007, no deferred tax assets were recognized with respect to corporate income tax for the tax loss carry-forwards (from continuing operations) amounting to € 109,849 thousand (PY: € 130,170 thousand), and no deferred tax assets were recognized with respect to trade taxes for the tax loss carry-forwards amounting to € 38,481 thousand (PY: € 57,397 thousand) because it did not appear probable that sufficient taxable income could be generated for these amounts in the near future. Of these tax loss carry-forwards (from continuing operations), an amount of € 41,833 thousand (PY: € 31,717 thousand) can be carried forward for up to five years and an amount of € 11,214 thousand (PY: € 11,408 thousand) can be carried forward for six to ten years. The utilization of tax loss carry-forwards that had not previously been recognized as deferred tax assets caused a reduction in income tax expenses of € 2,472 thousand (PY: € 2,334 thousand). Tax loss carry-forwards in the amount of € – 6,750 thousand (PY: € – 62 thousand) were corrected as a result of tax audits or differing tax assessments.

As a rule, deferred taxes must be recognized to account for the difference between the Group's share of the equity of the subsidiaries as it is presented in the consolidated balance sheet and the corresponding item recognized in the financial statements for tax purposes (outside-basis differences). Such differences can result from the retention of income, for example. Deferred tax liabilities were not recognized on differences of € 13,276 thousand (PY: € 14,325 thousand) because a realization is not planned at the present time.

(31) Income from discontinued operations

In the prior year, the income from discontinued operations was exclusively related to the PIN Group (cf. note (13)). It broke down as in the following table:

€ thousands	2007
Income	133,512
Expenses	– 187,747
Gross profit	**– 54,235**
Net financial result	– 2,517
Loss on remeasurement at fair value	– 544,780
Earnings before taxes of discontinued operations	**– 601,532**
Income taxes	397
Income taxes on measurement at fair value	28,677
Income from discontinued operations	**– 572,458**

The net cash flows from discontinued operations are presented in the table below:

€ thousands	2007
Cash flow from operating activities	– 40,889
Cash flow from investing activities	– 61,613
Cash flow from financing activities	32,311
Cash flow from discontinued operations	**– 70,191**

(32) Earnings per share

The basic and diluted earnings per share are presented in the table below:

		2008	2007
Income from continuing operations after minority interests	€ 000s	560,050	272,839
Income from discontinuing operations after minority interests	€ 000s	0	– 572,458
Net income attributable to shareholders of Axel Springer AG	**€ 000s**	**560,050**	**– 299,619**
Weighted average shares outstanding	000s	30,141	30,637
Dilution effect upon exercise of stock options	000s	63	265
Weighted average diluted shares	**000s**	**30,204**	**30,902**
Earnings per share from continuing operations			
Basic	€	18.58	8.91
Diluted	€	18.54	8.83
Earnings per share from discontinued operations			
Basic	€	0.00	– 18.69
Diluted	€	0.00	– 18.51
Net income per share attributable to shareholders of Axel Springer AG			
Basic	€	18.58	– 9.78
Diluted	€	18.54	– 9.70

Notes to the consolidated cash flow statement

(33) Composition of cash and cash equivalents

The cash and cash equivalents were composed of the following elements:

€ thousands	12/31/2008	12/31/2007
Cash	154,521	198,043
Securities with a term of less than three months	8	13
Cash and cash equivalents	**154,529**	**198,056**

Of the cash and cash equivalents presented in the consolidated cash flow statement, an amount of € 4,460 thousand (PY: € 4,326 thousand) was subject to restrictions on disposal.

(34) Other disclosures

The other non-cash income and expenses included expenses from the fair value measurement of financial instruments. In the prior year, this item consisted mainly of income and expenses from deconsolidations and from the fair value measurement of financial instruments.

Capital expenditures of € 584 thousand (PY: € 810 thousand), most of which for investments in property, plant, and equipment, had not yet been realized as cash payments.

The cash flows related to assets held for sale were assigned to the original line items in the consolidated cash flow statement.

Notes to the segment report

(35) General information

The segment report was prepared in accordance with the regulations of IFRS 8. The reporting format reflects the operating segments of the Axel Springer Group.

(a) Change in segmentation criteria

The new standard IFRS 8 “Operating Segments,” which must be applied in fiscal years that begin on or after January 1, 2009, was early adopted in the fiscal year 2008. IFRS 8 supersedes IAS 14 “Segment Reporting” and prescribes for the first time the so-called “management approach” for identifying and measuring the results of operating segments subject to the disclosure requirement. Accordingly, the external segment report should generally reflect the internal organizational and management structures and utilize the internal controlling and reporting indicators of the Group.

The segment reporting format has been adapted to reflect the internal management and reporting structures in accordance with IFRS 8. The new reporting format is more closely aligned to the heightened strategic importance of the digital media and the growing internationalization of the Axel Springer Group.

Based on the requirements of IFRS 8, Axel Springer Group has identified the following reporting segments: Newspapers National, Magazines National, Print International, and Digital Media. By virtue of its primary role as an internal service provider, the Printing segment, which had formerly been presented as a separate segment in accordance with IAS 14, was combined with the remaining business activities in the Services/Holding segment.

The brand-linked online activities of the former Newspapers and Magazines segments were added to the existing Digital Media segment. The new Print International segment comprises the newspapers and magazines published in foreign countries. These activities had formerly been presented in the Newspapers and Magazines segments, which have been redefined as the Newspapers National and Magazines National segments and only comprise the respective German publications.

The prior-year segment report figures were adjusted. The figures for the Digital Media segment are not fully comparable with those of the prior year, starting with the second quarter of 2007, due to the acquisitions since that time.

With regard to the geographical information, changes were made in the segmentation of assets compared to the prior year. This information pertains to the non-current segment assets consisting of intangible assets and property, plant, and equipment.

(b) Operating segments

The Newspapers National segment includes daily newspapers and Sunday newspapers, superregional and regional subscription newspapers, and advertising supplements. This segment also included investments in German newspaper publishing companies.

The Magazines National segment includes TV listings, women's magazines, men's magazines, youth magazines, computer magazines, business magazines, news magazines, family magazines, and further special-interest magazines, as well as investments in magazine publishing companies in Germany.

The newspapers and magazines published in foreign countries are comprised within the Print International segment.

The online and broadcasting activities are comprised within the Digital Media segment. In particular, this segment comprises online activities derived from print brands and the previously existing activities of ZANOX.de AG, Idealo Internet GmbH, immonet GmbH, and auFeminin.com S.A., as well as the newly consolidated companies comparado GmbH, Gofeminin.de GmbH, gamigo AG, and Transfermarkt GmbH & Co. KG, as well as their respective subsidiaries. Among other things, this segment also comprises the investment in the TV broadcast company Doğan TV Holding A.S.

The Services/Holding segment comprises the remaining business activities, including services such as customer service, sales, logistics, direct marketing, and office buildings, as well as purely internal departments like IT, accounting, personnel, and corporate staff departments. In 2007, the printing activities, consisting of the company's three offset printing plants, as well as its investments in two offset printing plants outside Germany and in the rotogravure printing company PRINOVIS Ltd. & Co. KG, had formerly been presented as a separate segment in accordance with IAS 14. In 2008, however, they were combined with the Services/Holding segment. The offset printing plants serve the purpose of ensuring the availability of necessary printing capacities.

(c) Geographical information

The activities of the Axel Springer Group are conducted mainly in Germany and in other European countries.

(36) Segment information

The segment information was compiled on the basis of the recognition and measurement methods applied in the consolidated financial statements. The external revenues consist of circulation revenues from the sale of publishing products, advertising revenues, and revenues from rendering services to parties not related to the Group. The internal revenues consist of revenues from the exchange of goods and services between the various segments. The transfer pricing is based on cost coverage.

The internationally used measures EBITA (earnings before interest, taxes, and amortization of goodwill) and EBITDA (earnings before interest, taxes, depreciation of property, plant, and equipment, and amortization of goodwill and other intangible assets) are used to measure segment earnings. In calculating these measures, non-recurring effects and purchase price allocation effects are eliminated.

Non-recurring effects include effects from the sale of subsidiaries, business divisions, and investments, as well as impairment and write-ups of investments, effects from the sale of real estate, and special depreciation and write-ups of real estate used by the company. The non-recurring effects consisted of write-ups and impairment of investments (€ – 62,473 thousand) and effects from the sale of investments (€ 438,736 thousand). In the prior year, the non-recurring effects included effects from the sale of investments (€ 7,061 thousand), from the sale of a subsidiary and the sale of a division (€ 3,501 thousand), real estate sales (€ 2,050 thousand), and impairments of investments (€ – 183 thousand).

The effects of purchase price allocations mainly consisted of amortization and depreciation, as well as impairments in intangible assets and in property, plant, and equipment that were acquired in the context of business combinations. In 2008, the effects of purchase price allocations amounted to € – 46,473 thousand (PY: € – 13,420 thousand).

Segment assets are composed of the assets required to operate the individual segments. Goodwill is attributed to the appropriate segments. Certain assets in the amount of approximately € 307 million (PY: approx. € 422 million) were not segmented. They included cash and cash equivalents, current and deferred income tax assets, derivatives, loans, and other financial receivables.

The segment liabilities are composed of the operating liabilities and provisions of the individual segments. Financial liabilities, current and deferred income tax liabilities, and liabilities from derivatives in the total amount of approximately 845 million (PY: approx. € 2,465 million) were not segmented.

For purposes of geographical segment reporting, the revenues are segmented according to the location of the customer's registered office. The segment assets were determined with reference to the location of the corresponding company.

Other disclosures

(37) Capital management

Beyond the provisions of German law applicable to stock corporations, Axel Springer AG is not subject to any further obligations relating to capital preservation, whether from its own Articles of Incorporation or from contractual obligations. The financial key figures used by the company for management purposes are primarily earnings-driven. The goals, methods, and processes of capital management are subordinate to the earnings-driven financial key figures.

For the purpose of maintaining and adjusting the capital structure, the company can adjust the dividend payments to its shareholders or purchase treasury shares representing up to 10 % of the subscribed capital. Treasury shares can be used for acquisition financing or they can be retired. At December 31, 2008, the treasury shares represented almost 10 % of the company's share capital.

Under the terms of its Management Participation Program, the company is obligated to sell treasury shares to the management. At the balance sheet date we possessed enough treasury shares to fulfill the obligations of the program.

(38) Financial instruments

(a) Measurement of financial instruments by categories

The relationships between the categories of financial instruments according to IFRS 7, or the corresponding balance sheet items and the measurement categories according to IAS 39, are presented in the table below, together with the carrying amounts of financial instruments.

€ thousands	Carrying amount at 12/31/2008	Loans and receivables	Financial liabilities measured at amortized cost	Available-for-sale financial assets	Held-to-maturity investments	Financial assets and liabilities held for trading	No category according to IAS 39
ASSETS							
Other non-current investments and securities	31,533			31,533			
Loans and advances	3,783	3,783					
Other non-current financial assets	35,316	3,783		31,533			
Trade receivables	264,875	264,875					
Receivables due from related parties	55,582	25,828					29,754
Derivatives designated as a hedging instrument	19						19
Derivatives not designated as a hedging instrument	1,840					1,840	
Other	63,192	41,236					21,956
Other assets	65,051	41,236				1,840	21,975
Cash	154,521	154,521					
Securities with a term of less than three months	8					8	
Cash and cash equivalents	154,529	154,521				8	
EQUITY AND LIABILITIES							
Liabilities due to banks	524,028		524,028				
Financial liabilities	524,028		524,028				
Trade payables	184,989		184,989				
Liabilities due to related parties	24,518		24,518				
Derivatives designated as a hedging instrument	15,236						15,236
Other	265,865		74,442				191,423
Other liabilities	281,101		74,442				206,659

€ thousands	Carrying amount at 12/31/2007	Loans and receivables	Financial liabilities measured at amortized cost	Available-for-sale financial assets	Held-to-maturity investments	Financial assets and liabilities held for trading	No category according to IAS 39
ASSETS							
Other non-current investments and securities	52,239			51,032	1,207		
Loans and advances	6,312	6,312					
Other non-current financial assets	58,551	6,312		51,032	1,207		
Trade receivables	269,221	269,221					
Receivables due from related parties	63,417	32,733					30,684
Derivatives designated as a hedging instrument	2,697						2,697
Derivatives not designated as a hedging instrument	31,300					31,300	
Other	79,350	37,928				20,242	21,180
Other assets	113,347	37,928				51,542	23,877
Cash	198,043	198,043					
Securities with a term of less than three months	13					13	
Cash and cash equivalents	198,056	198,043				13	
EQUITY AND LIABILITIES							
Liabilities due to banks	940,944		940,944				
Liabilities under finance leases	193						193
Financial liabilities	941,137		940,944				193
Trade payables	235,044		235,044				
Liabilities due to related parties	42,785		42,785				
Derivatives designated as a hedging instrument	1,578						1,578
Other	314,496		135,765				178,731
Other liabilities	316,074		135,765				180,309

(b) Non-derivative financial instruments

With the exception of the financial liabilities presented in the table below, the carrying amounts of the non-derivative financial instruments were identical to their fair values.

€ thousands	12/31/2008		12/31/2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities due to banks	524,028	527,325	940,944	940,939

(c) Net gains and losses

The net gains and losses of financial instruments (excluding derivative financial instruments subject to hedge accounting) recognized in the income statement are presented in the following table:

€ thousands	2008	2007
Loans and receivables, financial liabilities	– 7,897	– 9,525
Available-for-sale financial assets	435,904	6,874
Financial assets and liabilities held for trading	– 24,732	– 16,907

The net gains and losses in the categories of “loans and receivables” and “financial liabilities” consisted mainly of valuation allowances, net gains or losses on disposal, and the result from the currency translation of these financial instruments. The net gains or losses of available-for-sale financial assets consisted mainly of the gains and losses on the disposal of these financial instruments. In fiscal year 2008, this category included mainly the profit on the sale of the investment in ProSiebenSat.1 Media AG (cf. note (2c)). The net gains and losses in the category of “financial assets and liabilities held for trading” did not include interest. The financial instruments assigned to this category experienced mostly negative fair value changes.

Relating to available-for-sale financial assets, positive fair value changes of € 8 thousand (PY: negative fair value changes of € 163,646 thousand) were recognized directly in equity. Profits of € 434,174 thousand (PY: € 5,083 thousand) were transferred from equity to the income statement.

(39) Financial risk management

(a) Basic principles of financial risk management

With respect to its assets, liabilities, and planned transactions, the Axel Springer Group is especially exposed to risks relating to changes in interest rates, foreign exchange rates, and stock market prices. The task of financial risk management is to limit these market risks by means of targeted measures. To this end, selected derivative hedging instruments are employed, depending on the assessment of the risk in question.

To reduce the default risk, hedging transactions are conducted, as a rule, only with leading financial institutions that have top-quality credit ratings.

The use of financial derivatives is governed by appropriate guidelines of the Group. These guidelines define the relevant responsibilities, permissible actions, and reporting requirements, and prescribe the strict separation of trading and back-office functions.

With regard to the market price risks of selected financial instruments, compliance with prescribed loss limits is monitored on a daily basis. In principle, the effects of market price risks on the value of these financial instruments can be assessed promptly and, where applicable, the loss risks can be reduced.

(b) Interest rate risk

The Axel Springer Group is subject to interest rate risks primarily in the euro zone. To hedge the interest rate risk, the Group employs interest rate derivatives such as interest rate swaps, collars, forward rate agreements, and interest futures. The goals and methods are defined in the internal finance regulations. Market interest rate risks are assessed by means of sensitivity analysis techniques. Such techniques represent the effects of changes in market interest rates on interest payments, interest income and expenses, other components of income, and where applicable, also on equity. The interest rate sensitivity analysis is conducted on the basis of the assumptions described below:

The market interest rate risks of non-derivative fixed-interest financial instruments have an impact on income only when they are measured at fair value. Therefore, all fixed-interest financial instruments measured at amortized cost do not represent interest rate risks.

The market interest rate risks have an impact on the income of non-derivative variable-interest financial instruments when the interest payments are not designated as underlying transactions for cash flow hedges against interest rate risks and are therefore included in the calculation of the sensitivity analysis with respect to income.

The market interest rate risks of financial instruments that have been designated as hedging instruments in connection with a cash flow hedge against cash flow variability resulting from changes in interest rates have an impact on the accumulated other comprehensive income and are therefore included in the sensitivity analysis with respect to equity.

The market interest rate risks of interest rate derivatives that are not designated as hedging instruments have an impact on the financial result and are therefore included in the sensitivity analysis with respect to income.

If the market interest rates had been 50 basis points higher (lower) at the balance sheet date, the measured value of interest rate derivatives at the balance sheet date would have been € 5,332 thousand higher (€ 5,288 thousand lower). The changes in the valuation would have been recognized directly in equity.

At the balance sheet date, an amount of € 128 million of the variable-interest liabilities due to banks was not hedged. In the annual average, 87 % of the liabilities have been hedged.

(c) Currency risk

The currency risks of the Axel Springer Group result primarily from investments, financing activities, and operating activities. Currency risks are hedged to the extent that they have an impact on the Group's cash flows. Currency risks that do not have an impact on the Group's cash flows (i.e., those risks that result from the currency translation of the assets and liabilities of foreign subsidiaries to the Group's reporting currency) are not taken into account.

The individual Group companies conduct their business predominantly in their functional currency. They are exposed to operational currency risks only to a very small extent. These currency risks are hedged by means of forward exchange transactions, which are based on the strategic currencies that have been defined on the Group-wide level. The forward exchange dates of such transactions are determined on the basis of the expected cash flows.

Due to the relatively insignificant impact of currency risks on the Group's income and equity, a sensitivity analysis is not conducted for such risks.

(d) Credit risk

The Axel Springer Group is exposed to the risk that business partners may not be able to fulfill their obligations towards the Group. The maximum default risk is represented by the nominal values of each category of financial assets.

To reduce the credit risk, the Group conducts credit checks of its business partners. Investments in securities are made only in instruments with first-class ratings. Appropriate allowances, especially for doubtful trade receivables, are formed to account for discernible default risks.

(40) Financial derivatives and hedging instruments

(a) Financial derivatives designated as hedging instruments

In 2008, designated hedging instruments were used in particular to hedge against the interest rate risks of long-term liabilities. The cash flows were hedged through the use of interest rate derivatives (interest rate swaps and collars). The maturities and nominal amounts of the interest rate derivatives were chosen to match the corresponding tranches of the variable-interest loans (hedged items). The interest rate derivatives were measured at fair value. The changes in the fair value are recognized in accumulated other comprehensive income until the hedged item is realized. At December 31, 2008, loans in the nominal amount of € 311,711 thousand (PY: € 482,190 thousand) were hedged. The fair value measurement of the interest rate derivatives at the balance sheet date yielded positive fair values of € 19 thousand (PY: € 2,697 thousand) and negative fair values of € 15,236 thousand (PY: € 1,578 thousand). Fair value changes in the net amount of € – 10,986 thousand (PY: € 195 thousand) after taxes were recognized in accumulated other comprehensive income.

(b) Financial derivatives not designated as hedging instruments

For interest rate management purposes, interest rate futures have been employed to hedge the fair values of interest rate hedging instruments. All together, an amount of € 8,988 thousand was recognized in income in connection with hedging instruments utilizing interest rate futures. At December 31, 2008, the Group did not hold any interest rate futures. At the prior-year balance sheet date, the Group held interest rate futures in the nominal amount of € 50,000 thousand. The fair value was € 137 thousand.

(41) Relationships with related parties

Related parties are defined as those persons and companies that control or can exert a significant influence over the Axel Springer Group, or that are controlled or subject to significant influence by the Axel Springer Group. In particular, the members of the Springer family, the companies controlled or subject to significant influence by this family, the active members of the Management Board and Supervisory Board of Axel Springer AG, and the subsidiaries and associated companies of the Axel Springer Group have been defined as related parties.

Besides the business relationships with the consolidated subsidiaries, the following business relationships existed with related parties:

€ thousands			
Balance sheet	**Note**	**12/31/2008**	**12/31/2007**
Loans	(i)	2,083	4,648
Receivables	(ii)	55,582	63,417
Provisions	(iii)	4,699	3,802
Liabilities	(iv)	24,519	42,785
Income statement		**2008**	**2007**
Goods and services supplied	(v)	94,512	116,285
Good and services received	(vi)	156,923	186,862
Financial result		2,231	1,850

(i) At the balance sheet date, the loans to related parties related to associates, in the amount of € 499 thousand (PY: € 4,192 thousand), and other related companies in the amount of € 1,584 thousand (PY: € 455 thousand).

(ii) Of the total receivables due from related parties, trade receivables accounted for € 17,435 thousand (PY: € 20,965 thousand). Of this amount, € 4,422 thousand (PY: € 12,716 thousand) was owed by associates and € 13,013 thousand (PY: € 8,249 thousand) by other related companies. Valuation allowances were deducted from the receivables stated above. At the balance sheet date, allowances had been charged against receivables due from associated companies in the amount of € 2,074 thousand (PY: € 2,195 thousand), and against receivables due from other related companies in the amount of € 17,185 thousand (PY: € 16,330 thousand).

Moreover, a receivable of € 29,754 thousand (PY: € 30,684 thousand) was owed by an associated company in connection with the right to reimbursement of pension obligations (see notes (10) and (15)).

(iii) These are pension obligations owed to members of the Management Board.

(iv) The liabilities due to related parties consisted of trade payables in the amount of € 22,784 thousand (PY: € 37,909 thousand). Of this amount, € 7,568 thousand (PY: € 18,836 thousand) was owed to associates and € 15,217 thousand (PY: € 19,074 thousand) to other related companies.

(v) Goods and services provided to related companies were mostly related to the distribution of newspapers and magazines. Revenues of € 36,477 thousand (PY: € 56,806 thousand) were generated with associated companies and revenues of € 58,035 thousand (PY: € 60,827 thousand) were generated with other related companies in 2008.

(vi) The goods and services received from related companies were rendered primarily by associates. Of this amount, € 96,191 thousand (PY: € 118,815 thousand) related mainly to purchased publishing products and printing services. In addition, services in the amount of € 43,556 thousand (PY: € 49,328 thousand) were purchased from other related companies.

Significant long-term contracts for printing services are in effect with two associates. A contract with indefinite term for the printing of newspapers is in effect with one company. The order volume in 2008 amounted to € 15 million (PY: € 16 million). A master agreement for the printing of magazines is in effect with the other company until December 31, 2019. Under this latter agreement, services in the amount of € 73 million (PY: € 81 million) were rendered for companies of the Axel Springer Group in 2008.

In 2008, the fixed compensation of the members of the Management Board of Axel Springer AG amounted to € 8,237 thousand (PY: € 9,354 thousand). The variable compensation amounted to € 4,891 thousand (PY: € 5,688 thousand). The variable compensation is performance-driven, depending on the performance of the individual Board member and the Group's operating performance, which is measured with reference to EBITA. Based on the authorization granted by the annual shareholders' meeting, the Group has opted not to disclose the individual compensation granted to each member of the Management Board. The non-disclosure of this information in the fiscal years from 2006 to 2010 was approved by resolution of the annual shareholders' meeting of April 27, 2006.

The Management Participation Program granted to the Management Board of Axel Springer AG in 2004 (cf. note (14f)) gave rise to an imputed compensation component of € 406 thousand (PY: € 969 thousand) in 2008, in addition to the compensation mentioned above. This amount was recognized as personnel expenses and the additional paid-in capital was increased by the same amount.

The pension provisions were increased by an amount of € 897 thousand in fiscal year 2008 (PY: decrease of € 360 thousand). The value of these provisions was measured in accordance with the method described in (note (3j)).

The compensation of the members of the Supervisory Board amounted to € 2,725 thousand in fiscal year 2009, (PY: € 2,000 thousand). This figure included variable compensation of € 725 thousand (PY: € 0 thousand).

A Supervisory Board member received a compensation of € 125 thousand for his services as an author.

An amount of € 2,113 thousand (PY: € 2,039 thousand) was paid to former Management Board members and their survivors and an amount of € 27 thousand (PY: € 27 thousand) was paid to former special directors and their survivors. A total amount of € 25,363 thousand (PY: € 26,514 thousand) was allocated to the provisions for pension obligations towards former Management Board members and their survivors and an amount of € 236 thousand (PY: € 236 thousand) was allocated to the provision for pension obligations towards former special directors.

(42) Contingent liabilities

The contingent liabilities are presented in the following table:

€ thousands	12/31/2008	12/31/2007
Guarantees	20,746	21,775

At December 31, 2008, property, plant, and equipment in the amount of € 104,529 thousand (PY: € 111,003 thousand) had been pledged as security for debts.

(43) Contingent receivables

Contingent receivables were due from KirchMedia GmbH & Co KGaA i.L. in the amount of € 280 million (PY: € 286 million (cf. note (12)).

(44) Other financial obligations

The other financial obligations broke down as follows:

€ thousands	12/31/2008	12/31/2007
Purchase commitments for		
- intangible assets	6,488	13,115
- property, plant, and equipment	5,412	10,783
- inventories	11,926	13,243
Future payments under operating leases	93,693	78,538
Long-term purchase obligations	292,083	177,200
Other financial obligations	**409,602**	**292,879**

The long-term purchase obligations resulted from paper supply contracts.

The total future payment obligations under rental and lease agreements at December 31, 2008 are broken down in the following table:

€ thousands	Due in up to one year	Due in one to five years	Due in more than five years	Total
Future payments under operating leases	26,568	60,012	7,113	93,693

(45) Events after the balance sheet date

The sale of various regional newspaper investments to Verlagsgruppe Madsack and Lübecker Nachrichten was contractually agreed on February 4, 2009. By selling these minority investments, the Axel Springer Group will be able to focus on its own newspapers, the multimedia expansion of its core brands, and the acquisition of online growth businesses. The total purchase price was € 310,000 thousand. About half the purchase price was deferred and will be payable in installments in the period from 2011 to 2016. The valid effect of the sale is pending, subject to the approval of the anti-trust authority.

On November 27, 2008, Commerz-Film GmbH, Berlin, a subsidiary of Axel Springer AG, entered into a purchase agreement with Doğan Sirketler Grubu Holding A.S. for the purchase of 78 million shares of Doğan Yayin Holding A.S. at a price of € 47 million. The share purchase agreement has not yet been finalized. Based on a tax audit of Doğan Yayin Holding A.S. for the years from 2003 to 2006, the Turkish tax authorities assessed various subsequent tax payments and ancillary tax costs in the total amount of TRY 826 million on February 17, 2009. The financial effects on the Axel Springer Group could not yet be determined at the time of preparing the financial statements for fiscal year 2008.

(46) Companies included in the consolidated financial statements

No.		Shareholding in %	Held via No.	Other disclosures
	Fully consolidated companies			
	Germany			
1	Axel Springer Aktiengesellschaft, Berlin	-	-	
2	AS Online Beteiligungs GmbH, Berlin	100.0	1	
3	AS Osteuropa GmbH, Berlin	100.0	1	
4	AS TV-Produktions- und Vertriebsgesellschaft mbH, Hamburg	100.0	1	
5	AS Venture GmbH, Berlin	100.0	1	(1) (2)
6	ASV Direktmarketing GmbH, Berlin	100.0	1	(1) (2)
7	Axel Springer Asia GmbH, Hamburg	100.0	1	
8	Axel Springer Auto-Verlag GmbH, Hamburg	100.0	1	(1) (2)
9	Axel Springer Digital TV GmbH, Berlin	100.0	1	(1) (2)
10	Axel Springer Digital TV Guide GmbH, Berlin	100.0	1	(1) (2)
11	Axel Springer Financial Media GmbH (formerly Axel Springer Finanzen Verlag GmbH), Munich	100.0	1	(1) (2)
12	Axel Springer Media Logistik GmbH, Berlin	100.0	1	
13	Axel Springer Mediahouse Munich GmbH, Munich	100.0	1	(1) (2)
14	Axel Springer Medien Accounting Service GmbH, Berlin	100.0	1	(1) (2)
15	Axel Springer Services & Immobilien GmbH, Berlin	100.0	1	(1) (2) (4)
16	Axel Springer TV NEWS GmbH, Hamburg	100.0	17	(4)
17	Axel Springer TV Productions GmbH, Hamburg	100.0	1	(1) (2)
18	Axel Springer Verlag' Beteiligungsgesellschaft mbH, Berlin	100.0	1	(1) (2)
19	Axel Springer Verlag Vertriebsgesellschaft mbH, Hamburg	100.0	1	
20	B.Z. Media GmbH, Berlin	100.0	21	(1) (4)
21	B.Z. Ullstein GmbH, Berlin	100.0	44	
22	Bergedorfer Buchdruckerei von Ed. Wagner (GmbH & Co.), Hamburg	100.0	1	(3)
23	BERLINER WOCHENBLATT Verlag GmbH, Berlin	100.0	50	(1)
24	BILD digital GmbH & Co. KG, Berlin	100.0	1	(3)
25	Buch- und Presse-Großvertrieb Hamburg GmbH & Co. KG, Hamburg	65.2	1	(3)
26	Cleopatra Produktions GmbH, Hamburg	95.0	42, 45	(4)
27	Commerz-Film GmbH, Berlin	100.0	1	(1) (2)
28	comparado GmbH, Lüneburg	74.9	33	(4)
29	Computerbild Online Dienstleistungs-GmbH, Hamburg	100.0	1	(1) (2)
30	eprofessional GmbH, Hamburg	60.0	51	
31	gamigo AG, Hamburg	94.8	5	(4)
32	Gofeminin.de GmbH, Berlin	82.4	56	(4)
33	Idealo Internet GmbH, Berlin	74.9	5	
34	Immonet GmbH, Hamburg	100.0	1	(1) (2)
35	ims Internationaler Medien Service GmbH & Co. KG, Hamburg	55.0	1	(3)
36	Niendorfer Wochenblatt Verlag GmbH & Co. KG, Hamburg	100.0	50	(3)
37	"Sächsischer Bote" Wochenblatt Verlag GmbH, Dresden	100.0	50	(1)
38	Schwartzkopff TV-Productions GmbH & Co. KG, Hamburg	100.0	17	(3)
39	Smarthouse Media GmbH, Karlsruhe	88.0	1	
40	Sport-B.Z. GmbH, Berlin	100.0	44	
41	T+M Presse-Marketing GmbH, Hamburg	95.0	42	
42	T+M Verlags GmbH, Hamburg	95.0	45	
43	Transfermarkt GmbH & Co. KG, Hamburg	51.0	24	(3) (4)
44	Ullstein Gesellschaft mit beschränkter Haftung, Berlin	100.0	18	
45	VISION MEDIA Holding GmbH, Hamburg	100.0	1	
46	VVDG Verlags- und Industrieversicherungsdienste GmbH, Berlin	100.0	18	(1) (2)
47	wallstreet:online AG, Berlin	71.9	11	
48	wallstreet:online capital AG, Berlin	75.1	11	
49	WBV Direktzustell-GmbH, Hamburg	100.0	50	(4)
50	WBV Wochenblatt Verlag GmbH, Hamburg	100.0	1	
51	ZANOX.de AG, Berlin	60.0	5	
52	ZZ-Kurier Gesellschaft für Zeitungs- und Zeitschriftenvertrieb mbH, Hamburg	100.0	1	(1) (2)
	Other countries			
53	Amiado AG, Zurich/Switzerland	100.0	66	
54	Anima Publishers, s.r.o., Zlin/Czech Republic	74.9	64	
55	auFeminin.com Productions SARL, Paris/France	82.4	56	
56	auFeminin.com S.A., Paris/France	82.4	2	
57	Avivum AG, Zurich/Switzerland	99.9	80	(4)

No.		Shareholding in %	Held via No.	Other disclosures
58	Axel Springer - Budapest Kiadói Kft, Budapest/Hungary	92.9	1	
59	Axel Springer - Magyarország Kft, Tatabánya/Hungary	93.5	1	
60	Axel Springer Editions S.A.S., Levallois-Perret/France	100.0	62	
61	Axel Springer España S.A., Madrid/Spain	100.0	1	
62	Axel Springer France S.A.S., Levallois-Perret/France	100.0	1	
63	"Axel Springer Polska" Sp. z o.o., Warsaw/Poland	100.0	1	
64	Axel Springer Praha a.s., Prague/Czech Republic	100.0	1	
65	"Axel Springer Russia" Geschlossene Aktiengesellschaft, Moscow/Russia	100.0	3	
66	Axel Springer Switzerland AG, Zurich/Switzerland	99.9	1	
67	Handelszeitung Fachverlag AG, Zurich/Switzerland	100.0	68	
68	Handelszeitung und Finanzrundschau AG, Zurich/Switzerland	100.0	1	
69	Les Publications Grand Public S.A.S., Levallois-Perret/France	100.0	62	
70	Marmiton SAS, Paris/France	82.4	56	
71	Népújság Kft, Békéscsaba/Hungary	94.0	18	
72	PartyGuide.ch AG, Hünenberg/Switzerland	99.9	81	(4)
73	Petőfi Lap- és Könyvkiadó Kft, Kecskemét/Hungary	94.0	18	
74	Shanghai Springer Advertising Company Ltd., Shanghai/China	100.0	7	
75	Shanghai Springer Distribution Company Ltd., Shanghai/China	100.0	7	
76	Smart Adserver Limited, London/Great Britain	82.4	56	(4)
77	SmartAdServer SAS, Paris/France	82.4	56	
78	soFeminine.co.uk Limited, London/Great Britain	82.4	56	(4)
79	TR7 AG, Zurich/Switzerland	99.9	66	
80	usgang.ch GmbH, Zurich/Switzerland	99.9	57	(4)
81	Verlag Sport Wochenzeitung AG, Zurich/Switzerland	99.9	66	(4)
82	Viviana Investments Sp. z o.o., Warsaw/Poland	100.0	63	
83	zanox B.V., Amsterdam/Netherlands	60.0	51	
84	ZANOX Hispania SL, Madrid/Spain	60.0	51	
85	zanox Inc., Chicago/USA	60.0	51	
86	zanox ltd., London/United Kingdom	60.0	51	
87	zanox SAS, Paris/France	60.0	51	
88	zanox SRL, Milan/Italy	60.0	51	
89	zanox we create partners AB, Stockholm/Sweden	60.0	51	
90	ZÖLD ÚJSÁG Tömegkommunikációs és Kiadói Zrt, Budapest/Hungary	93.5	59	
	Fully consolidated special-purpose entities			
	Germany			
91	Axel-Springer-Immobilien-Fonds-I Dr.Rühl & Co.KG, Düsseldorf	--	--	
92	Axel-Springer-Immobilien-Fonds-II-Produktionszentrum Dr.Rühl & Co.KG, Düsseldorf	--	--	
93	Axel-Springer-Immobilien-Fonds-III- Ostflügel Dr.Rühl & Co.KG, Düsseldorf	--	--	
	Investments accounted for using the equity method			
	Germany			
94	buecher.de GmbH & Co. KG, Augsburg	33.3	1	
95	Cora Verlag GmbH & Co. KG, Hamburg	50.0	18	
96	Jahr Top Special Verlag GmbH & Co. KG, Hamburg	50.0	18	
97	Myby GmbH & Co. KG, Düsseldorf	25.1	1	
98	PRINOVIS Ltd. & Co. KG, Hamburg	25.1	1	
99	StepStone Deutschland AG, Düsseldorf	49.9	1	
100	ZertifikateJournal AG, Veitshöchheim	33.3	1	
	Other countries			
101	Editions Mondadori Axel Springer (EMAS) S.E.N.C., Paris/France	50.0	62	
102	StepStone ASA, Oslo/Norway	33.3	1	(4)

Additional disclosures:

(1) Management control and profit transfer agreement with the parent company.
(2) The company has exercised the exemption options of Section 264 (3) HGB.
(3) The company has exercised the exemption options of Section 264b HGB.
(4) Included for the first time in fiscal year 2008.

(47) Declaration of Conformity with the German Corporate Governance Code

Axel Springer AG published the Declaration of Conformity with the German Corporate Governance Code issued by the Management Board and Supervisory Board in accordance with Section 161 of the German Stock Corporations Act (AktG) on the company's Web site www.axelspringer.de → Investor Relations → Corporate Governance, where it is permanently available to shareholders. The Declaration of Conformity is also printed in the Corporate Governance section of this Annual Report.

(48) Profit utilization proposal

The separate financial statements of Axel Springer AG for the past fiscal year 2008, which were prepared in accordance with the principles of the German Commercial Code and the German laws applicable to stock corporations, show an unappropriated net profit of € 145,112,000 (PY: € 131,920,000).

With the consent of the Supervisory Board, the Management Board will propose distributing a dividend of € 4.40 (PY: € 4.00) per qualifying share at the annual shareholders' meeting to be held on April 23, 2009. This dividend corresponds to a profit distribution of € 130,603,700 from the unappropriated net profit. The remaining balance of € 14,508,300 is to be appropriated to the other retained earnings reserves. The treasury shares held by the company do not qualify for dividends. The number of shares qualifying for dividends can change in the time remaining until the annual shareholders' meeting. In this case, an appropriately adjusted profit utilization proposal will be made to the annual shareholders' meeting, while retaining the proposal to distribute a dividend of € 4.40 per qualifying share.

(49) Declaration of the Legal Representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Berlin, February 24, 2009

Axel Springer AG

(Dr. Mathias Döpfner) (Rudolf Knepper)

(Steffen Naumann) (Dr. Andreas Wiele)

Boards

Supervisory Board

The Supervisory Board was composed of the following persons in the 2008 fiscal year:

Name, regular occupation	Seats on other legally mandated Supervisory Boards	Seats on comparable boards in Germany and abroad
Dr. Giuseppe Vita Chairman	Deutz AG (Chairman) Hugo Boss AG (Chairman, until June 30, 2008) Vattenfall Europe AG (until June 19, 2008)	Allianz Italy S.p.A., Italy (Chairman of the Board of Directors) Humanitas S.p.A., Italy (Member of the Board of Directors) Barilla S.p.A., Italy (Member of the Board of Directors) Gruppo Banca Leonardo, Italy (Chairman of the Board of Directors)
Dr. h. c. Friede Springer Vice Chairwoman	Alba Berlin AG	Deutsche Bank AG (Advisory Board)
Dr. Gerhard Cromme Chairman of the Supervisory Board ThyssenKrupp AG	Allianz SE Siemens AG (Chairman) ThyssenKrupp AG (Chairman)	St. Gobain S.A., France
Oliver Heine Attorney at law and partner in the law firm Oliver Heine & Partner		
Klaus Krone Member of the Supervisory Board Axel Springer AG	Buchanan Capital Holding AG (Chairman, until July 22, 2008)	Handelshochschule Leipzig GmbH (Member of the Supervisory Board, until December 31, 2008) borawind AG, Switzerland (Chairman of the Board of Directors)
Prof. Dr. Wolf Lepenies University Professor		
Michael Lewis Investment manager		OIC 07178 Limited, Great Britain (Executive) Oceana Investment Corporation Limited, Great Britain (Chief Executive) Trialpha Oceana Concentrated Opportunities Fund Limited, Great Britain (Non Executive) Oceana Fund Managers (Jersey) Limited, Great Britain (Non Executive) United Trust Bank Limited, Great Britain (Non Executive) UTB Partners Limited, Great Britain (Non Executive) Cheyne Capital Management Limited, Great Britain (Non-Executive) Foschini Limited, South Africa (Non Executive) Strandbags Group (Pty) Limited, Australia (Non Executive) ProChon Biotech Limited, Israel (Non Executive)
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Brian M. Powers CEO of investment group Hellman & Friedman LLC		Artisan Partners Limited Partnership, USA (Advisory Board) Getty Images, Inc., USA

Management Board

The following persons served on the Management Board in the 2008 fiscal year:

Management Board member	Seats on other legally mandated Supervisory Boards	Seats on comparable boards in Germany and abroad
Dr. Mathias Döpfner, Board Chairman Head of Subscription Paper Division and International Divisions Journalist	ProSiebenSat.1 Media AG (until January 15, 2008)	dpa Deutsche Presse Agentur GmbH (Supervisory Board) Leipziger Verlags- und Druckereigesellschaft mbH & Co. KG (Advisory Board) Axel Springer Digital TV GmbH (Supervisory Board, until September, 2008) B.Z. Ullstein GmbH (Advisory Board) Time Warner Inc., USA (Board of Directors) RHJ International S.A., Belgium (Supervisory Board) Axel Springer Schweiz AG, Switzerland (Board of Directors) auFeminin.com S.A. France (Supervisory Board)
Rudolf Knepper, Vice Chairman and Head of Printing and Logistics Master's degree in engineering and master's degree in business/engineering		PRINOVIS Ltd., UK (Board of Directors)
Steffen Naumann Head of Finance and Services Master's degree in business administration and master's degree in economics	Odeon Film AG (Chairman of the Supervisory Board)	esmt European School of Management and Technology GmbH (Supervisory Board) Axel Springer International Finance B.V., Netherlands (Supervisory Board)
Dr. Andreas Wiele Head of BILD Division and Magazines Lawyer	Bild.T-Online.de Verwaltungs AG (until January 22, 2008) ZANOX.de AG (Chairman of the Supervisory Board)	Jahr Top Special Verlag GmbH & Co. KG (Advisory Board) Axel Springer Digital TV GmbH (Supervisory Board until September 2008) B.Z. Ullstein GmbH (Advisory Board) Axel Springer Praha a.s., Czech Republic (Supervisory Board, until August 2008) Axel Springer Schweiz AG, Switzerland (Board of Directors until June 2008) auFeminin.com S.A., France (Supervisory Board)

Glossary

Media glossary

Advertising supplement Periodically appearing print medium distributed free of charge and financed exclusively from advertising revenues.

Subscription newspaper Newspaper that is distributed primarily by way of delivery service, in contrast to a newsstand paper.

Affiliate Sales partner or agent that receives a commission for advertising sales.

Banner advertising Type of Internet advertising in which the advertisement is embedded into the website as a graphic or flash file (banner).

Moving image content Video clips produced by editorial staff and/or so-called user-generated content, which is produced not by the website operator, but by the visitors or users of a website.

ComScore Market research firm that measures the behavior of Internet users, in order to determine the reach, for example.

Copy price Retail sales price of a given publication.

Cross-media networking Content-related, creative and formal networking of different media channels and advertising vehicles with the goal of achieving optimal advertising success by means of a multi-channel approach.

Cross-media marketing Advertising campaigns that utilize multiple media at the same time, with reference being made to the advertisements presented in the other media, respectively.

Electronic Program Guide Digital version of a printed magazine guide for TV programs and radio programs, which is integrated into the reception device.

Success-based marketing Form of advertising under which an Internet sales partner (publisher) receives a share of the proceeds of every successfully completed transaction (e.g., sale of a product or sign-up for a newsletter), in the form of a commission.

IPTV (Internet Protocol Television) Digital transmission of broadband applications, such as TV programs and movies, via a digital data network. The Internet protocol (IP) on which the Internet itself is based is used for this purpose.

IVW (Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern). This German organization tracks the reach of print media and online offerings.

Newsstand paper Newspaper that is distributed via retail outlets, in contrast to a subscription newspaper.

Traditional marketing Form of advertising featuring standard commission rates, under which a publisher (Internet sales partner) decides whether to embed a banner or other advertising instrument.

Launch Introduction of a new product or brand.

Licensed edition Print medium that appears on the basis of permission granted by a licensor to duplicate or perform works that are protected by copyright.

Job printing Acceptance of third-party printing orders with the goal of utilizing idle capacities in order to enhance profitability.

MA (Media-Analyse) Semiannual report on the media consumption behavior of the population.

Newsroom An editorial center where all journalistic content is collected, processed and produced for various media channels, e.g. online, TV, print and mobile services.

Nielsen/Net Ratings Internet tracking service that collects data on the usage of websites and Internet applications by way of an online panel. This service is offered by Nielsen Online, a division of the Nielsen Company.

Offset printing Printing process that works on the principle that oil and water do not mix. The printing areas on the printing plate repel water and attract the greasy ink, while the non-printing areas attract water and repel the greasy ink.

Page Impressions Number of requests to load a single page of a website. No distinction is made as to whether a visitor loads the page for the first time or reloads it or loads the website a second time in the same visit. It corresponds to the gross reach.

Portal Website covering a wide range of different subjects that help users to navigate the internet. Special-interest portals such as car or book portals try to cover the complete range of their target group's interests by way of a common entrance platform.

Press distribution market Market encompassing the distribution of print products through all distribution channels, including wholesalers, subscription sales, reading clubs, direct deliveries and train station bookstores.

General interest magazine Magazine that aims to reach a wide public, in contrast to a special-interest magazine.

Reach Percentage of a target group that is reached at least once by an advertising vehicle or combination of advertising vehicles.

Relaunch Redesign of a print publication or online medium.

Classified ads Small ads that generally appear in daily newspapers and are arranged by specific categories, such as jobs, property and cars, for example.

Tabloid-Format Small-size format for newspapers.

Rotogravure printing Process in which the printing areas are recessed in a cylinder, while the non-printing areas are raised.

Traffic Number of users of an online offering.

Unique visitors Number of persons who have visited a website at least once during a specified period of time. It corresponds to the net reach.

Marketing Sales and service of advertising spaces.

Visits Connected series of usage events (visits). After an interruption of 30 minutes, a new visit is counted. A usage event is defined as a technically successful page load by an Internet browser from a specific online offering.

Financial glossary

Stock options Contractually granted right to purchase the shares of a given company at a previously stipulated price (exercise price) at a certain point in time.

Share buy-back program Program under which a company buys back its own shares, subject to certain conditions.

Associated companies Companies in which an investing company holds a minority interest of at least 20 % and has the ability to exert significant influence over the financial and operating policies of the investee company by participating in the corresponding decision processes. In the Axel Springer Group, associated companies are included in the consolidated financial statements by application of the equity method.

External revenues Revenues generated from transactions with companies that are not part of the consolidation group.

Cashflow Surplus of funds generated during a given accounting period.

Collar Hedging transaction under which the purchase of a cap is combined with the simultaneous sale of a floor (or vice versa). The objective of such a transaction is to offset the premium for the purchased option with the premium for the sold option. A cap guarantees a maximum interest rate and a floor guarantees a minimum interest rate.

Derivative financial instruments Financial instruments for which the value is based on an underlying asset (e.g. security, interest rate, currency, loan). Derivative financial instruments are used to hedge currency and interest rate risks.

Due diligence Review of the financial and economic situation and the business plan of a given property prior to going through with the transaction (including the purchase or sale of an equity investment in a company, in particular).

Earn-out agreement Agreement under which the payments by the buyer to the seller are deferred to a later point in time; depending on the business performance of the purchased company.

EBIT Earnings before interest and taxes.

EBITA Earnings before interest, taxes and amortization of goodwill.

EBITA margin EBITA divided by revenues.

EBITDA Earnings before interest, taxes, depreciation and amortization.

EBITDA margin EBITDA divided by revenues.

Equity ratio Equity divided by total liabilities and equity.

Equity method The equity method is a method of accounting for associated companies in the consolidated financial statements under which changes the net value of the company are added to or deducted from the acquisition cost of the investment.

Cash and cash equivalents Cash on hand and cash in certain bank accounts of a company, plus other resources such as marketable securities, sight deposits and term deposits, which can be liquidated on a short-term basis.

Forward rate agreement Financial instrument used to hedge against interest rate risks. The buyer of such an instrument, which is not traded on an organized exchange, fixes the interest rate for future borrowing in advance, as protection against rising interest rates.

Free float Portion of a company's shares held by shareholders with relatively small shareholdings, both in terms of the number and percentage of shares held.

Hedge accounting Method of accounting for mutually counter-acting (derivative) financial instruments. The transactions are designed in such a way that the risks of the hedged item and the hedging instrument offset each other in full or in part.

IFRS (International Financial Reporting Standards) Accounting rules issued by the IASB (International Accounting Standards Board). They are composed of IFRS and the International Accounting Standards (IAS).

Capital Asset Pricing Model Model for measuring the value of companies under which a weighted average capital cost rate is determined on the basis of risk-free investments, the market premium (market yield less the risk-free interest rate) and the systematic risk (beta factor) of a portfolio, among other factors.

PIE (Price-Earnings Ratio) Ratio of the share price to the earnings per share.

Consolidation group All the companies included in the consolidated financial statements, by way of full consolidation or at equity.

Deferred taxes Deferred taxes are recognized to account for the future tax effects of temporary differences between the tax bases of assets and liabilities and the carrying amounts of those assets and liabilities in the IFRS financial statements, and for usable loss carry-forwards.

Market capitalization Stock market value of a company, calculated by multiplying the share price by the total number of shares outstanding. The free-float market capitalization is calculating by multiplying the share price by the number of shares that are widely held by smaller shareholders.

Net liquidity Cash and cash equivalents (see above) minus financial liabilities.

No-par share Equity share that dœs not have a par value; it represents a percentage holding in the equity of a company.

Swaps Contractually agreed transactions under which the parties exchange certain obligations. Under an interest rate swap, two debtors with different credit ratings exchange their interest payment obligations in the same currency. Under a currency swap, the liabilities being exchanged are denominated in different currencies.

Basic earnings per share Net profit for the year divided by the weighted average number of ordinary shares outstanding during the reporting period.

Diluted earnings per share Earnings per share in which the effects of potential ordinary shares (e.g. from management participation programs) are factored into the computation.

Advertising revenues Traditional advertising revenues in the print sector (private advertisements, commercial advertisements, advertising supplements), plus revenues from new business models in the categories of Display, Affiliate Marketing and Search, which are employed primarily in the online sector.

Current value Value of assets and liabilities at a given point in time.

Special-purpose entities Companies that are formed for the purpose of fulfilling a specified narrowly defined purpose. A special-purpose entity must be consolidated if the Axel Springer Group controls the special-purpose entity in substance or if, in substance, the majority of the risks and rewards from the special-purpose entity's operations lie with Axel Springer. For this purpose, it is not required that the Axel Springer Group holds an equity interest in the special-purpose entity or vice versa.

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Financial Calendar

March 11, 2009	Annual Report, annual financial statements press conference, analyst/investor teleconference, Berlin
April 23, 2009	Annual shareholders’ meeting, Berlin
May 14, 2009	Quarterly financial report at March 31, 2009
August 6, 2009	Quarterly financial report at June 30, 2009
November 11, 2009	Quarterly financial report at September 30, 2009

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