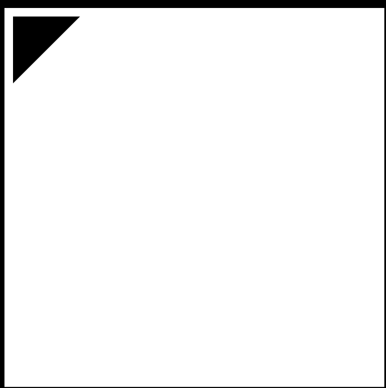
Annual Report

Contents

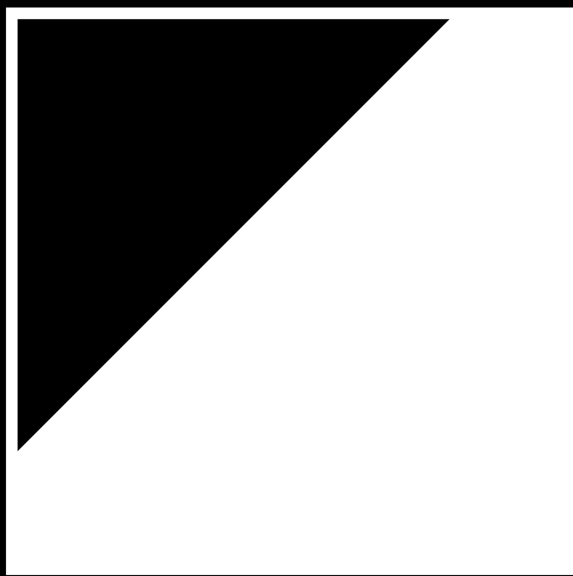
Group Key Figures

€ millions	Change yoy	2011	2010	2009	2008	2007
Group						
Total revenues	**10.1 %**	**3,184.9**	**2,893.9**	**2,611.6**	**2,728.5**	**2,577.9**
Digital Media revenues as percent of total revenues (pro forma)		30.9 %	27.4 %	-	-	-
International revenues as percent of total revenues		32.9 %	28.1 %	21.0 %	21.9 %	20.8 %
Circulation revenues	2.6 %	1,204.5	1,174.3	1,176.2	1,215.8	1,190.6
Advertising revenues	16.0 %	1,606.8	1,384.8	1,138.5	1,248.1	1,207.5
Other revenues	11.6 %	373.5	334.8	296.9	264.7	179.8
EBITDA[1]	**16.2 %**	**593.4**	**510.6**	**333.7**	**486.2**	**470.0**
EBITDA margin[1]		18.6 %	17.6 %	12.8 %	17.8 %	18.2 %
Consolidated net income	5.6 %	289.4	274.1	313.8	571.1	−288.4
Consolidated net income, adjusted[2]	21.2 %	343.3	283.2	152.6	254.6	234.6
Segments						
Revenues						
Newspapers National	−2.4 %	1,164.9	1,194.2	1,213.7	1,277.6	1,290.3
Magazines National	−3.7 %	468.1	486.1	517.8	564.1	587.8
Print International	18.1 %	473.5	400.9	311.7	409.8	408.3
Digital Media	35.2 %	962.1	711.8	470.4	378.2	208.1
Services/Holding	15.3 %	116.2	100.8	98.1	99.0	83.4
EBITDA[1]						
Newspapers National	−4.5 %	282.7	296.0	243.8	348.9	363.9
Magazines National	2.2 %	103.2	101.0	55.0	88.8	73.9
Print International	20.0 %	73.8	61.5	12.3	27.8	10.6
Digital Media	84.2 %	158.1	85.8	43.2	20.9	36.7
Services/Holding	-	−24.4	−33.7	−20.5	−0.2	−15.1
Liquidity and financial position						
Free cash flow[3]	−1.8 %	293.9	299.3	231.3	219.7	238.7
Capex[4]	-	−112.7	−59.2	−38.9	−46.7	−58.8
Total assets	16.2 %	4,187.5	3,603.2	2,934.3	2,809.1	3,826.9
Equity ratio		46.1 %	49.2 %	40.8 %	38.0 %	31.7 %
Net debt/liquidity	-	−472.8	79.6	−193.0	−369.5	−743.1
Share-related key figures[5]						
Earnings per share[6]	−4.0 %	2.62	2.73	3.40	6.18	−3.23
Earnings per share, adjusted[2][6][7]	16.9 %	3.03	2.60	1.42	2.44	2.25
Dividend[8]	6.2 %	1.70	1.60	1.47	1.47	1.33
Year-end share price	−18.3 %	33.21	40.67	25.02	17.13	32.67
Market capitalization as of December 31[9]	−18.1 %	3,274.7	3,999.2	2,236.5	1,525.4	2,998.8
Free float		41.1 %	40.8 %	23.5 %	23.1 %	26.2 %
Average number of employees	**11.4 %**	**12,885**	**11,563**	**10,740**	**10,666**	**10,348**

[1] Adjusted for non-recurring effects and effects of purchase price allocation.
[2] Adjusted for significant, non-operating effects (see page 52).
[3] Cash flow from operating activities minus capital expenditures, plus cash inflows from disposals of intangible assets and property, plant and equipment.
[4] Capital expenditures on intangible assets, property, plant, and equipment, and investment property.
[5] Based on number of shares considering 3 for 1 share split in 2011 (see page 28). Quotations based on XETRA closing prices.
[6] Diluted.
[7] The adjusted earnings per share (diluted), was calculated on the basis of the weighted average shares outstanding (diluted) in 2011 (98.517 million).
[8] Dividend proposal for the financial year 2011.
[9] Based on outstanding shares at the closing price, excluding treasury shares.



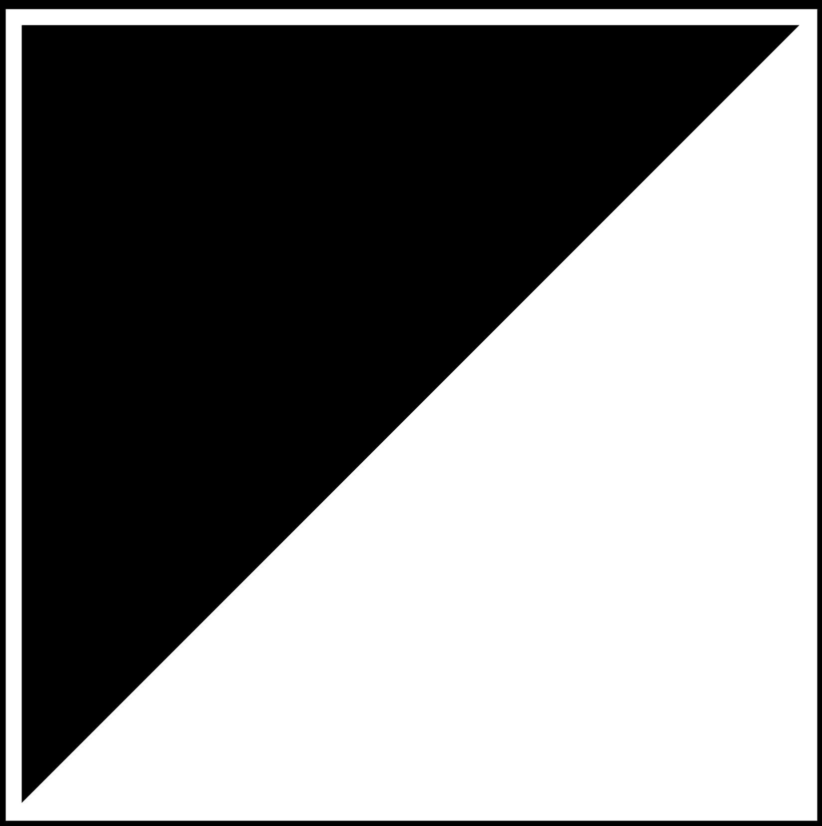
2004:
98 % Print
2 % Digital



2011:
69 % Print
31 % Digital [1]

[1] Pro forma for acquisitions.

Axel Springer is one of Europe's leading integrated multimedia companies with a broad spectrum of print and digital offerings. Our long-term strategy has been successful, so it remains unchanged: to generate revenues that are evenly balanced between print and digital media channels.



Our Goal:
50 % Print
50 % Digital

Zippert zappt

The digitization of media continues, newspapers are the VHS cassettes of tomorrow, and so it is only natural that we ask ourselves: What will we use to wrap fish in the future, and how can we get streak-free windows if newspapers are no more? The paper-recycling industry is facing ruin, the paperboy has been plastinated and put on display in the history museum. Of course, this trend also has its drawbacks. It's a lot more expensive to swat annoying insects with an iPad. A single mosquito can easily cost you € 600. And let's not even talk about stuffing wet galoshes with e-books. What will private detectives and secret agents hide behind? What's a husband supposed to do at the Sunday breakfast table – speak with his wife? Or is there an app for that? These things are scarcely imaginable today, but progress cannot be halted. Men with hair loss will be showing off the latest flat panel displays. Seventy percent of our politicians will already have a built-in recall button. And 50 percent of the Management Board of Axel Springer AG will be digitized in just two years, while the rest will, at the very least, be working in full wireless mode.

Publicist and satirist Hans Zippert has been writing the daily column “Zippert zappt” for DIE WELT since 1999. “Zipperts TV-WELT” has appeared weekly in HÖRZU since 2009.

Dr. Mathias Döpfner
Chairman of the Management Board

Dear Shareholders!

We have two good reasons to celebrate. First, Axel Springer AG just set a new company record for financial performance with EBITDA of € 593 million for fiscal year 2011. Second, we are celebrating the 100th birthday of our company founder, who was born on May 2, 1912.

Axel Springer is more than an historical figure; he is an integral part of our company's present and future. The success of Axel Springer AG is and always has been closely tied to his personality and values. Axel Springer gave this company a culture that is rooted in innovation, entrepreneurial courage and fidelity to core principles. It was this culture that motivated us to digitize our business early on—overcoming inertia, skepticism and resistance in the process. In 1978, Axel Springer said the following:

"I will not cease to encourage publishers to play a role in the existing electronic media, and even more to play a role in all the new information systems that are headed our way."

Ten years ago, when a new management team took the helm of our company, we laid out our digitization strategy. It could not have been simpler, and it remains in effect today: in all our online activities, we remain true to the core competencies that made us successful in the past decades. This means:

- We create strong content and brands through portals such as Bild.de, WELT ONLINE, and aufeminin. Our portals increased their market share in 2011 through the acquisition of Netmums by aufeminin and the launch of Stylebook by Bild.de, to cite just two examples. We also made good progress towards the goal of establishing paid content for smartphones and tablets, derived from our media brands.

- We use the wide reach of our media products to establish profitable classified ad marketplaces; for example, we have founded or acquired strong online classified ad portals such as StepStone and immonet in prior years, as well as the French portals SeLoger and AutoReflex in the past year.

- We market mass reach values to our advertising customers. In the digital sphere, that primarily means investing in online marketers. In 2011, we extended our leading position in Europe in the performance-based marketing segment by acquiring the Dutch affiliate network M4N, and by introducing the zanox Group to new international markets. Also, thanks to our acquisition of kaufDA, we are now well positioned in the fast-growing market for online brochures, couponing, and local shopping.

In 2002, we generated less than 2 % of our revenues online. In 2011, for the first time, revenues from digital media accounted for more than 30 % of total Group revenues. In absolute terms, we have nearly reached the € 1 billion mark in revenues from our digital business. These activities are also highly profitable (with an EBITDA margin of 16.4 %). Based on revenues, Axel Springer AG is now the second-ranked European stock listed Internet company. With a reach of 63.7 million unique visitors, Axel Springer AG is the leading online operator among traditional European media companies. Among the most popular European websites, including Google, Facebook, Amazon and eBay, Axel Springer ranks 16th, which is amazing in itself! I consider yet another development last year to be particularly impressive: Digital advertising revenues nearly caught up to the advertising revenues of our national and international print media for the full year 2011. In many discussions, I sensed that this particular development above all has again heightened the interest in our company. Everybody knows that we have a stable print business that has been highly profitable for many years, with EBITDA margins of more than 20 % in Germany. In addition, we have a digital business that continues to grow rapidly, registering organic growth of 20.6 % over the prior year in 2011 alone. But the most important factor, the one that creates measurable added value, is the combination of a strong print business with a strong digital business under one roof. The Internet companies we have invested in are performing better than comparable companies that stand on their own. (In fact, we're doing so well that the Supervisory Board and Management Board proposed a dividend of € 1.70 per share for financial year 2011. That corresponds to € 5.10 before the stock split, making it the highest dividend ever paid by Axel Springer AG.)

If you trace the source of our company's success, the search invariably leads back to the life and work of our founder, Axel Springer. He was guided by a moral compass that drove him to discover and then do what he considered to be the right thing. The same philosophy that guided his political views and actions also guided his business decisions and the management of his publishing house.

In nearly all important matters, Axel Springer stood for values that were exactly opposed to the “zeitgeist” of his day. But even his fiercest critics concede his substantive legacy: Springer advocated for the reunification of Germany. Springer lobbied for Berlin to be the capital of Germany. And Springer wanted to be free of Soviet communism. Today, Berlin is the capital of a reunified Germany, the Cold War is over, and all that remains of communism are some bitter hold-outs in Cuba and North Korea.

“Axel Springer gave this company a culture that is rooted in innovation, entrepreneurial courage and fidelity to core principles.”

I never met Axel Springer personally. Yet looking back at his life, I see a hero—not one with superhuman strength, but one who wrestled with human weaknesses. And when it mattered most, he overcame his doubts and fears. That is his most important achievement. I believe Axel Springer derived his strength from combining two things many people try to separate: intuition and intellect. He had the courage to trust and live his feelings. He recognized that what our gut tells us is sometimes more “right” than what our supposedly infallible reason says.

Credibility, fidelity to principles, innovation spirit. These values of Axel Springer are still in evidence today—for our readers, our advertising customers, and our users. And for you, our shareholders. They continue to motivate the company’s employees, who deserve our gratitude for their outstanding work.

A quarter century after his passing, the spirit of Axel Springer continues to thrive, both in this company and beyond.

Sincerely yours,

Mathias Döpfner

6 Executive Board

Dr. Mathias Döpfner

Chairman

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

Rudolf Knepper

Until the end of 2011
Vice Chairman as well as President Printing, Logistics, and HR

Born 1945, Master's degrees in engineering and in business/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 Executive Board 1994–2011, Vice Chairman 2002–2011.

Lothar Lanz

Chief Financial Officer and
Chief Operating Officer

Born 1948, Master's degree in commerce.
Career milestones:
Bayerische Hypotheken- und Wechselbank AG; member of the Executive Board at HSB HYPO Service-Bank AG; member of the Executive Board at Nassauische Sparkasse; member of the Executive Board and Chief Financial Officer at ProSiebenSat.1 Media AG.
Member of the Executive Board since 2009.

Dr. Andreas Wiele

President 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 Executive Board since 2000.

Jan Bayer

From 2012 President WELT Group and Printing

Born 1970, Master's degree in media studies. Career milestones: Süddeutsche Zeitung; Publisher Volksstimme, Magdeburg; Publisher Süddeutsche Zeitung; Chairman of the Management Board of the WELT Group. Member of the Executive Board from 2012.

Ralph Büchi

From 2012 President International Division

Born 1957, business economist. Career milestones: Editor Handelszeitung; Chairman of the Management Board of the Handelszeitung publishing group; CEO Axel Springer Schweiz AG; President of Axel Springer International. Member of the Executive Board from 2012.

8 Attractive Employer

There's more to it for people who grow beyond their usual employment profile. In 2011, our new employer brand appeals to all target applicant groups for the first time ever. The motifs feature real employees from various sectors – because Axel Springer offers professional development opportunities to fit a wide range of career fields.

Axel Springer was quick to recognize and capitalize on the tremendous market opportunities of the digital revolution. At the same time, the company transformed its corporate culture. Based on this self-conception, we use wit and a healthy dose of self-deprecation to position Axel Springer as an attractive employer. The ad series on the following pages give an impression thereof. Our company's founder fits into this series perfectly, as you can see for the first time on page 24.

We launched the campaign with a YouTube video that was quite a hit, by the way. See for yourself: www.axelspringer.de/media-entrepreneurs

Chief Technology Officer with Say Whaaat?! Capabilities for Cross-Channel Hammer Innovations

Ulrich Schmitz
Electronic Media

Content Portals

Online Marketplaces

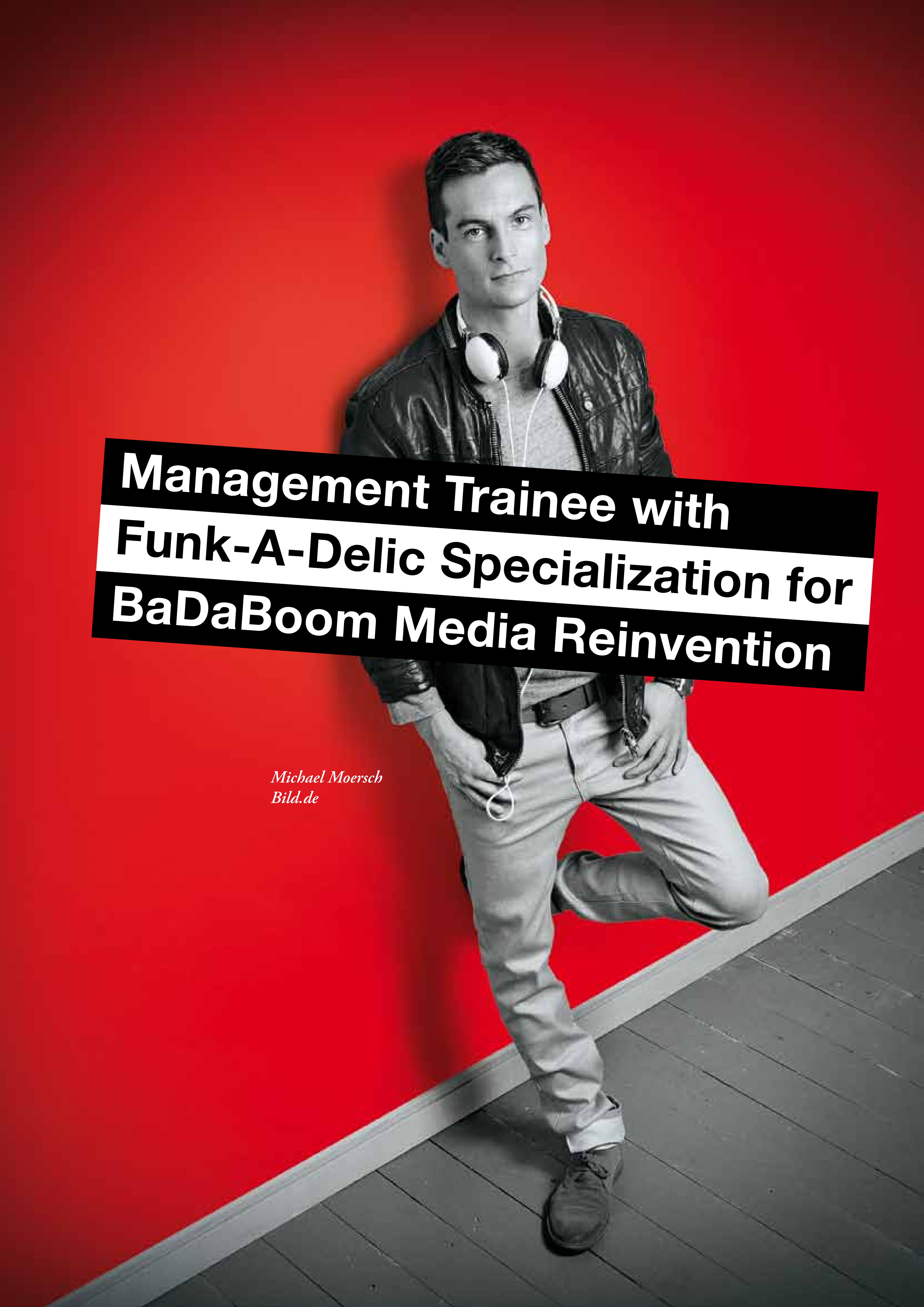
Online Marketing

Our digital business is focused on our three core competencies – content portals, online marketplaces, and online marketing – which we continue to grow organically and through acquisitions.

See pages 37, 47 and 59 to learn more about our digital media.

BILD is Europe’s largest daily newspaper, with a commanding lead on Germany’s newsstand market. BILD.de has a more comprehensive reach than any other German-language information and entertainment portal. The BILD apps for mobile devices are regularly among the top sellers in download stores. A multimedia success story.

More information on BILD can be found on pages 35, 53, and 59.



Management Trainee with Funk-A-Delic Specialization for BaDaBoom Media Reinvention

Michael Moersch
Bild.de

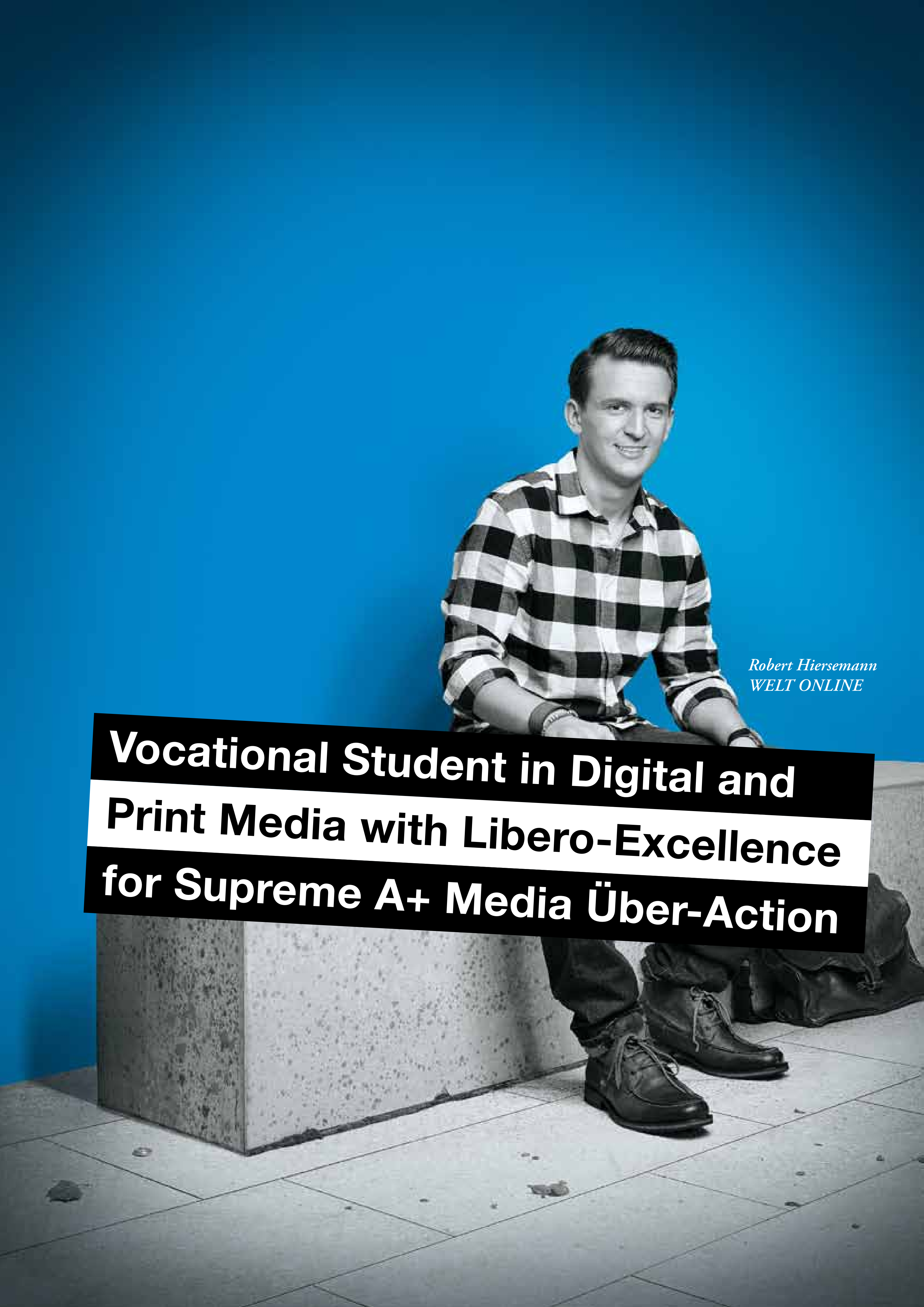
Simone Loesch
Axel Springer Media Impact

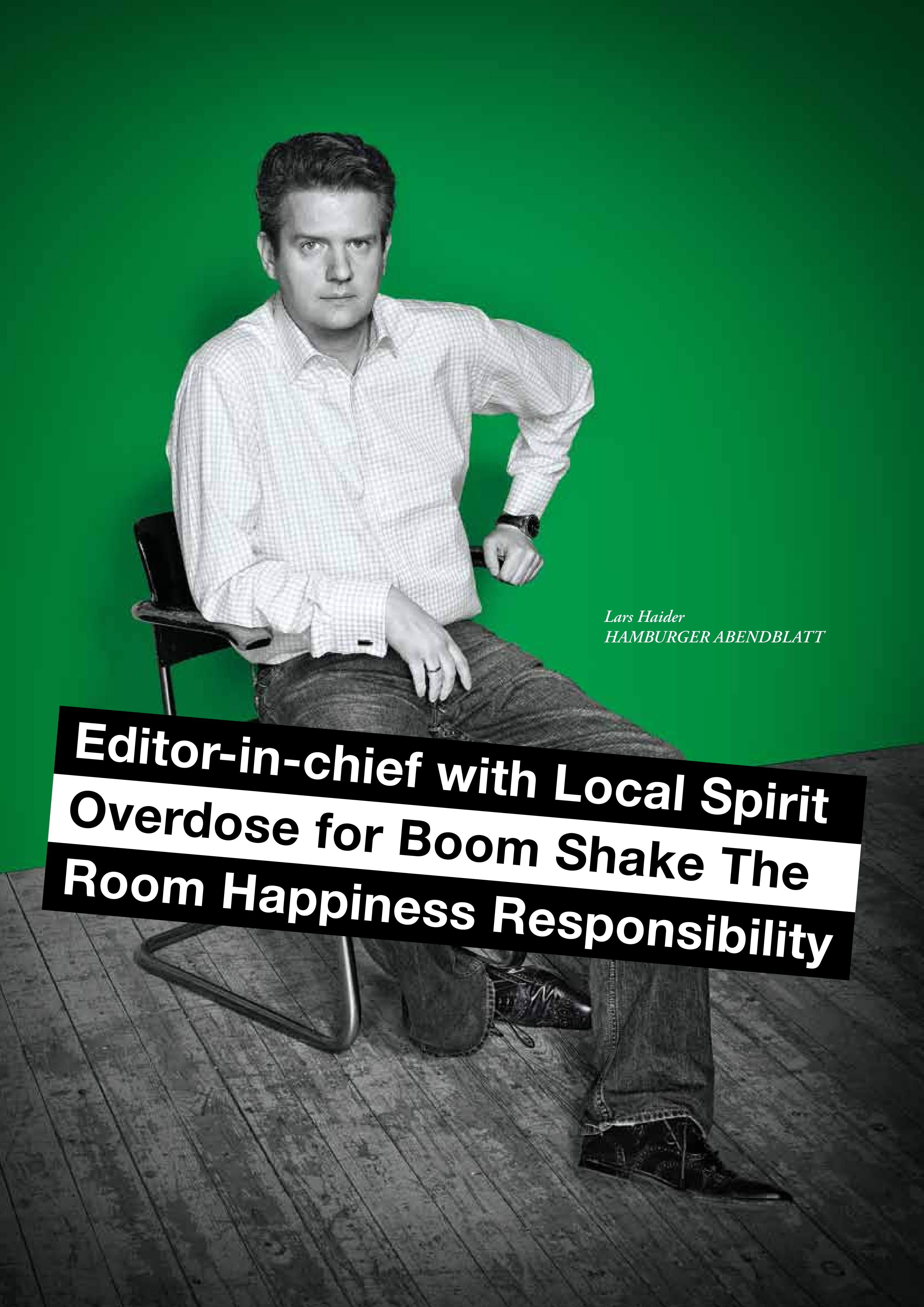
When it comes to brand and reach – whether in print or digital media – we can speak to advertisers in a language they understand. Our central marketing entity Axel Springer Media Impact is an important part of this, as are our performance-oriented marketing firms such as zanox and Digital Window.

See pages 40 and 62 to learn more about our marketing activities.

The WELT Group's integrated newsroom works around the clock processing news and stories for various media channels – print, online, and mobile devices. This makes the WELT Group the first newspaper brand in Germany to be represented on all the relevant digital platforms of iOS, Android, and Kindle.

More about the WELT Group can be found on pages 35, 53 and 59.


Robert Hiersemann
WELT ONLINE
Vocational Student in Digital and
Print Media with Libero-Excellence
for Supreme A+ Media Über-Action



Lars Haider
HAMBURGER ABENDBLATT

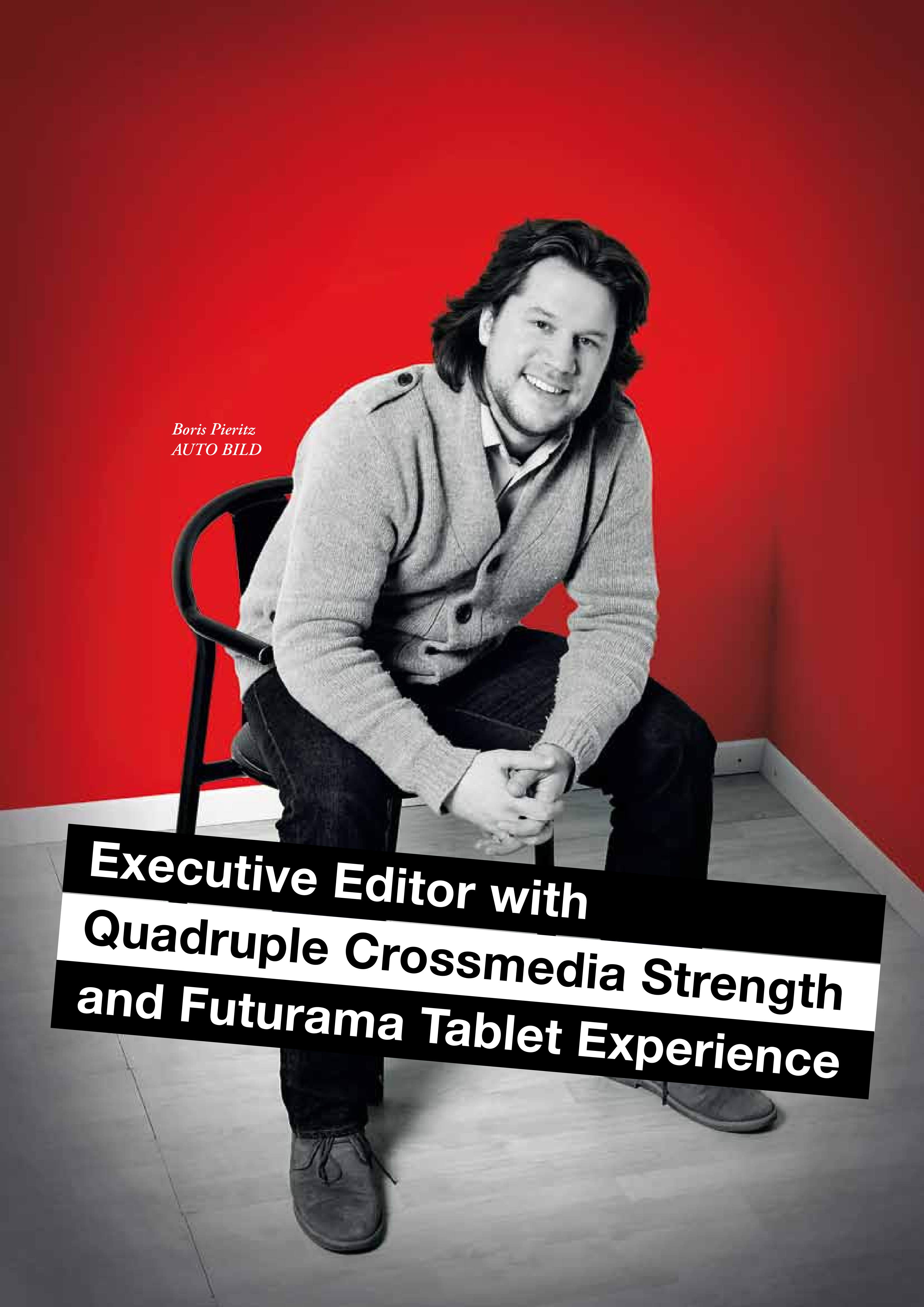
Editor-in-chief with Local Spirit Overdose for Boom Shake The Room Happiness Responsibility

We published an iPad app as well as reaffirmed our local expertise with the special Hamburg apps "Bike Tours" and "Journey Back in Time" and the local reporter app "My Neighborhood": it was a creative year for HAMBURGER ABENDBLATT. We also launched a successful partnership with kaufDA, the digital brochure content provider that was recently acquired by Axel Springer.

More information on HAMBURGER ABENDBLATT can be found on pages 54, 60 and 62.

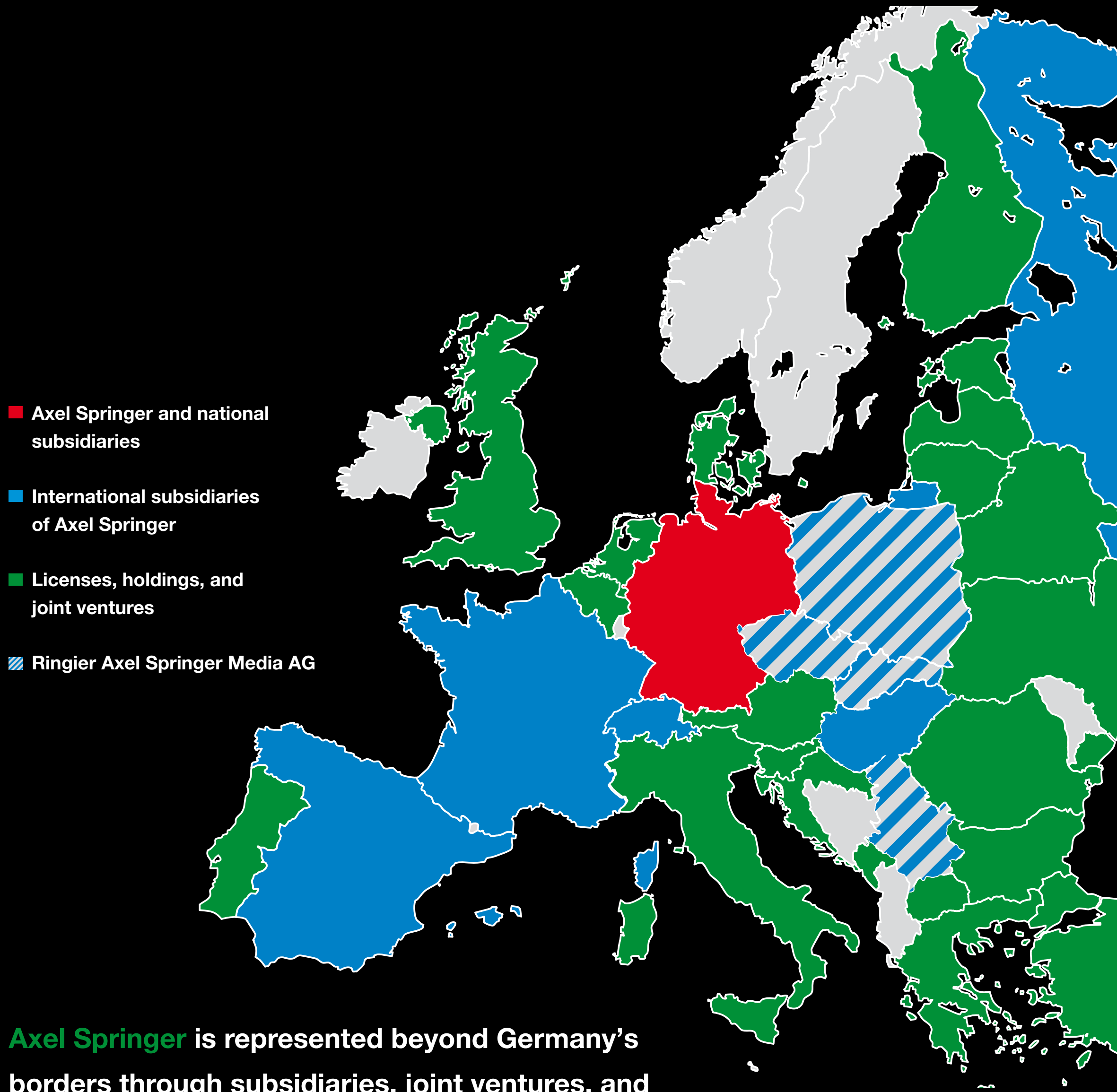
AUTO BILD, Europe’s biggest automotive magazine, reports all the latest, fascinating, and surprising facts related to automobiles, week after week. And it does that on all media channels. In addition to the traditional print issue of the magazine, as well as the websites autobild.de and autobild.tv, the successful AUTO BILD brand is now being extended into the digital world via premium apps as well.

See pages 36, 55 and 60 for more information about AUTO BILD.



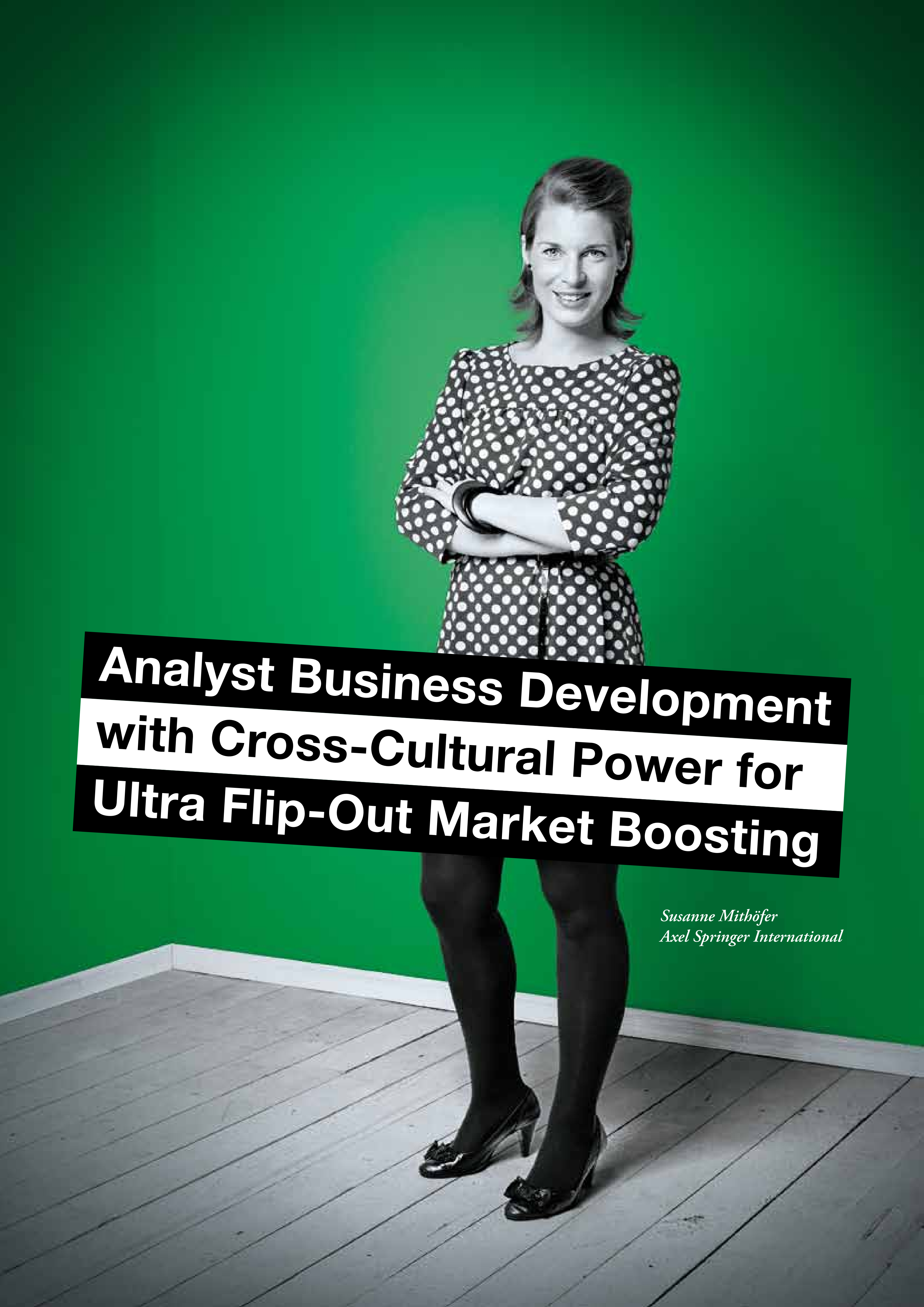
Boris Pieritz
AUTO BILD

Executive Editor with Quadruple Crossmedia Strength and Futurama Tablet Experience



Axel Springer is represented beyond Germany's borders through subsidiaries, joint ventures, and licensing agreements with more than 190 newspapers and magazines. Our key sales markets are in eastern Europe, and our Ringier Axel Springer Media joint venture has made it possible to actually expand our presence and portfolio there.

See pages 36, 41 and 56 to learn more about our international activities.

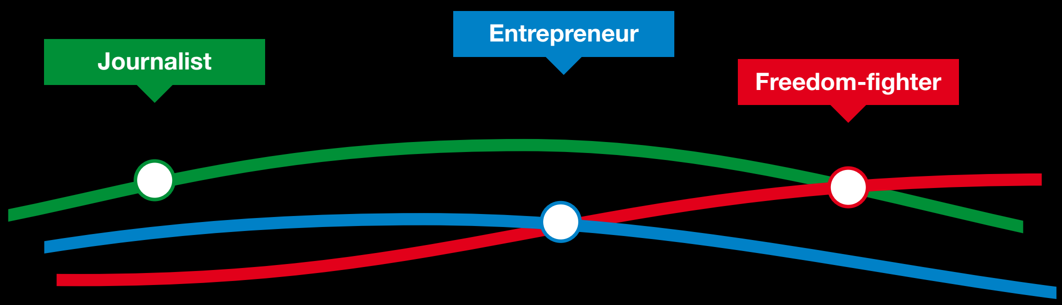


Analyst Business Development with Cross-Cultural Power for Ultra Flip-Out Market Boosting

Susanne Mithöfer
Axel Springer International

Axel Springer
Publisher

Company's Founder with Boom- Creative Vision Qualities and Splash! Journalistic Excellence Boost



As a passionate journalist, bold entrepreneur, and visionary freedom-fighter, Axel Springer defined this company and accompanied the emergence of our democracy: fascinating, controversial, and polarizing.

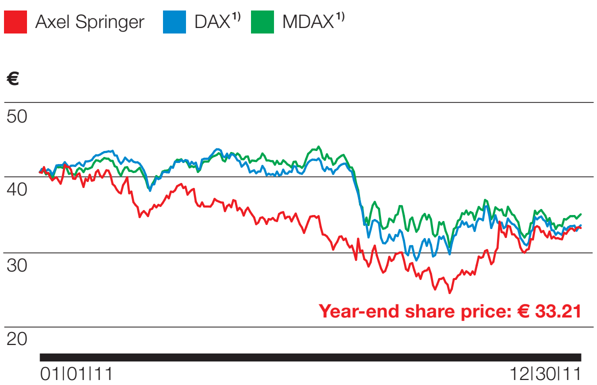
For more on the life of a man who experienced and influenced so many momentous events, visit meilensteine.axelspringer.de (available in German only).

The closing price of the Axel Springer share on the final trading day of 2011 was 18.3 % less than the corresponding year-ago price. Thus, our share exhibited a similarly sharp decline as the DAX and underperformed the MDAX, in which the Axel Springer share has been listed since September 2010, by nearly 5 %.

Difficult year for stock markets

The stock markets were characterized by massive turmoil last year, especially starting around mid-2011. The high debt levels of some European national governments, the resulting euro crisis, as well as the enormous government debt of the United States, led to considerable volatility in the financial markets. Leading stock market indexes finally staged a mild recovery in the fourth quarter, but remained consistently below their respective levels at the start of 2011. Thus, the DAX lost 17.5 % and the MDAX lost 13.8 % of their respective values in 2011. Media sector indexes also exhibited a negative trend, with the German sector index Prime Media falling by 14.9 % and the DJ EuroStoxx Media Index by 16.5 %.

Comparison Total Market

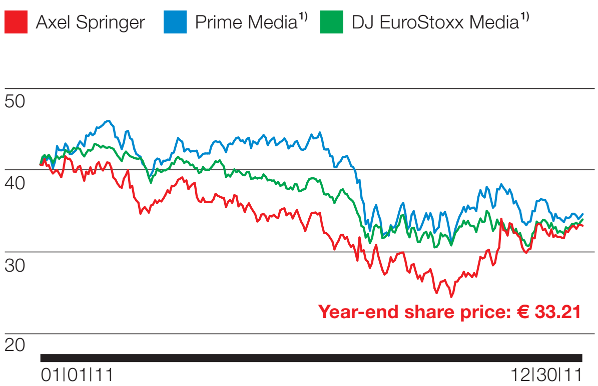


[1] Indexed on the year-end share price of Axel Springer AG as of December 30, 2010.

Axel Springer share: after losing ground, significant recovery towards the end of 2011

The Axel Springer share underperformed the relevant comparison indexes for much of 2011, but recovered significantly in the final quarter of the year. The share started the year at € 40.67 and reached its high for the year of € 41.67 on January 18, before declining steadily thereafter to plumb its low for the year of € 24.50 on October 4. After that, the share price moved back up, but the closing price of € 33.21 on December 30, 2011 was still well below the high for the year. At year-end 2011, the company's market capitalization was € 3.3 billion.

Index Comparison Media



[1] Indexed on the year-end share price of Axel Springer AG as of December 30, 2010.

Increased analyst coverage

At the end of 2011, the Axel Springer share was covered by 17 (PY: 10) stock analysts. One additional analyst has commenced coverage since the beginning of 2012. A continually updated, complete list of banks and investment banks that cover our share, along with their investment recommendations and share price targets, can be found in the Investor Relations section of our website.

Share Information

€	2011	2010	Change
Earnings per share (diluted)	2.62	2.73	−4.0 %
Earnings per share (adjusted, diluted)	3.03	2.60	16.9 %
Dividend[1]	1.70	1.60	6.2 %
Total dividend payout (€ millions)	167.6	157.3	6.5 %
Year-end share price	33.21	40.67	−18.3 %
Highest price	41.67	40.78	2.2 %
Lowest price	24.50	24.44	0.3 %
Market capitalization (€ millions)[2][3]	3,274.7	3,999.2	−18.1 %
Daily traded volume (Ø, € thousands)	7,278.0	3,262.1	> 100 %
Dividend yield[1][3]	5.1 %	3.9 %	-
Total yield per share per year[4]	−14.4 %	68.4 %	-

[1] Dividend proposal for financial year 2011.
[2] Calculated on the basis of the year-end closing price.
[3] Based on shares outstanding, excluding treasury shares.
[4] Share price development plus dividend payment.

Intensified investor relations

Axel Springer intensified its capital markets communication still further in 2011. The company's Management and Investor Relations team presented the company and its strategy on a total of 33 days (PY: 28) at investor conferences and roadshows in Germany, Great Britain, the United States, France, Spain, and Switzerland. In addition, we were available throughout the year to hold discussions with investors and telephone conferences on the occasion of publishing our financial reports. Our telephone conferences are streamed live on the Internet and are available to download afterwards.

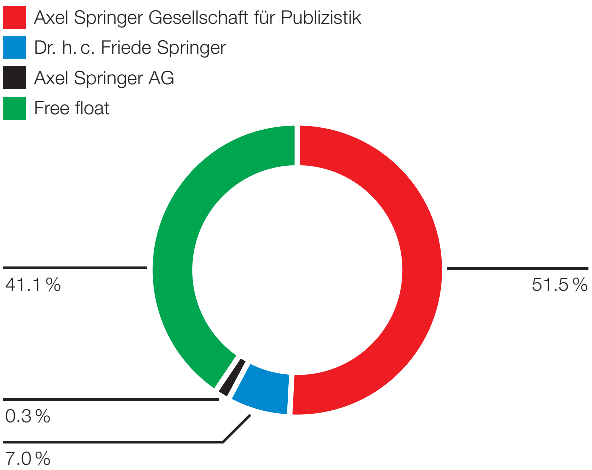
We held our fourth "Capital Markets Day" for stock analysts, institutional investors, and bankers at our corporate headquarters in Berlin on December 9, 2011. The event was broadcast live on the Internet as a webcast and could be downloaded afterwards, along with the presentations shown there.

Besides institutional investors and stock analysts, we are always glad to speak with individual investors as well, either in person at our annual shareholders' meeting, on the telephone, or by e-mail. Our contact information is printed on the last page of this Annual Report, where you will also find our financial calendar with important IR dates. Up-to-date information on the latest developments can always be found in the Investor Relations section of our website at www.axelspringer.de. That is where you can also order our print publications and download special investor presentations.

Once again record dividend

About 370 shareholders attended the annual shareholders' meeting of Axel Springer AG in Berlin on April 14, 2011. With about 81.8 % of voting capital represented, the annual shareholders' meeting adopted all the resolutions proposed by the management – including the payment of a dividend of € 4.80 per qualifying share (corresponding to € 1.60 after the share split, see below) – with majorities of at least 88.8 %. Thus, the dividend was € 0.40 higher than the year before and was the highest dividend ever paid by Axel Springer. The total dividend pay-out amounted to € 157.3 million and the dividend yield (based on the closing price at the end of 2010) was 3.9 %. Thus, the Axel Springer share is one of the strongest dividend stocks in the MDAX.

Shareholder Structure



Status: December 31, 2011

Share split

The amendment to the company's Articles of Incorporation approving a 1:3 share split, which had been resolved by the annual shareholders' meeting, took effect upon being recorded in the Commercial Register on May 31, 2011. The stock exchange listing was modified accordingly on June 8, 2011. Arithmetically, the share price is now equal to one third of the previous value and the proportion of share capital represented by each share is no longer € 3.00, but € 1.00. Following the share split, there are 98.940 million Axel Springer shares outstanding.

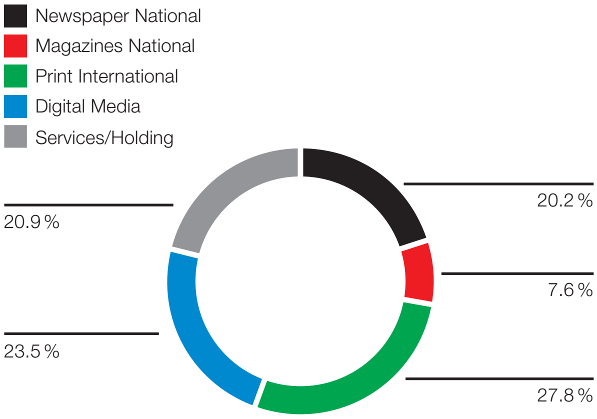
Information on Listing

Share type	Registered share with restricted transferability
Stock exchange	Frankfurt (official market)
Stock exchange segment	Prime Standard
Security Identification Number	550135, 575423
ISIN	DE0005501357, DE0005754238
Thomson Reuters	SPRGn.DE
Bloomberg	SPR GY

Axel Springer's personnel policies are guided by the company's core values of creativity, entrepreneurship, and integrity. We reward both the willingness to strive for outstanding performance and the creativity of our employees, who numbered 12,885 on average during the past year (PY: 11,563).

Employees by Segments

Annual average



Specialized vocational training and continuing education

In order to meet the growing challenges of its business, Axel Springer offers a diverse program of vocational training and continuing education, as a key element of its personnel policy.

The 214 vocational trainees who were learning a trade within our company at year-end 2011 are an impressive demonstration of the fact that Axel Springer lives up to its responsibility as a vocational training enterprise. We offer vocational training programs for the occupations of Digital/Print Media Managers and Designers, Office Communication Managers, and Specialists in Media and Information Services. Axel Springer also offers a dual work-study track leading to a Bachelor of Science degree in business administration.

Whether print or online, the success of media offerings depends on quality; accordingly, we place a high priority on providing excellent training to young journalists. Because it pursues a cross-media approach, successfully linking traditional journalism with the techniques of cross-media presentation, the Axel Springer Academy is widely considered to be Germany's most modern school of journalism.

The Axel Springer Academy works closely with WELT KOMPAKT and also collaborates with the prestigious Columbia School of Journalism in New York. Our young journalists regularly attend courses there. In exchange, the Axel Springer Academy places the best Columbia School of Journalism graduates in internships and permanent freelance journalist positions in Axel Springer's major editorial departments in Germany, and increasingly also in Russia, Spain, France, and Poland.

Axel Springer offers all its employees a diverse program of continuing education courses, including seminars for managers and employees, work-accompanying continuing education courses, mentoring programs, coaching, networking sessions, language courses, and presentations on topics of current interest, particularly on the subject of digitization, which was the central theme of such presentations in the past year. The purpose of all these measures is to prepare our employees to meet the challenges arising from the strategic development of our company. Besides standard seminars, we also offer specialized training geared to the specific needs of our operating divisions and teams.

Since 2008, we have successively implemented the "Development Dialog," a structured meeting between every employee and his or her supervising manager, throughout the entire company, with the aim of helping employees develop their career potential on a personalized basis geared to their specific needs. By the end of 2011, approximately 5,800 supervisors and managers had participated in the Development Dialog.

"Moving People and Media" is the slogan under which the Sales and Marketing Institute founded in 2005 has developed into the Axel Springer Media Campus. The purpose of this institution is to identify, promote, and develop young talents. To that end, the Media Campus pursues three main objectives: recruiting by way of the "Best-Seller" program; training and experience-sharing by way of the internal continuing education program; and the development of future potential by means of supporting expert careers.

Systematically promoting young talent

Since 2010, we have supported selected young talents in preparing for future managerial roles through our Group-wide career development program known as the Top Talent Program. In 2010/2011, 20 such selected young talents underwent training modules on general management topics such as strategy, media law, finance, leadership, and project management, which were developed in cooperation with various business schools. As the international counterpart to the Top Talent Program, we launched the International Talent Program in 2011, with 18 participants. Being aimed specifically at young talents in the Group's international subsidiaries, this program also serves to advance the internationalization strategy of Axel Springer AG. Both programs seek to promote exchanges and networking within the company and to retain young talents as employees of our company.

Axel Springer AG is constantly looking for outstanding college graduates to join the company and participate in its trainee programs for young talents. To that end, we expanded and intensified the company's cooperation with selected universities in 2011. As part of our university marketing program, we conducted more than 70 recruiting events last year. With the assistance of our senior managers, we also conducted realistic case studies for professorial chairs, so as to provide the students with valuable insights into the media business on the basis of real-world projects. Such activities have demonstrably enhanced Axel Springer's appeal as an employer (results of the survey conducted by trendence and Universum, 2011).

Our trainee program aimed at top college graduates is designed to help them start their careers in the media business by providing theoretical and methodological instruction, facilitating personal networking within the company, and giving them the opportunity to "learn by doing" in the company's operating divisions.

Axel Springer also assists employees wishing to obtain a college education; for example, it provides college scholarships to especially well-qualified vocational trainees.

Successor management

In 2011, we expanded the successor management program introduced in 2010 for critically important management positions. Under this program, we identify potential candidates for key management positions at an earlier stage than before and systematically support the development of their potential. The goal of this program is to enable the company to fill vacant or new positions with suitable candidates from within the company at all times, and to mobilize the capabilities of our senior managers and our young managerial talents in a more targeted manner than before.

Feedback for senior managers

We successfully completed our pilot project for "180-degree feedback" in 2011. Under this project, 24 senior managers from the top management level conducted a self-assessment of their own management behavior, based on the company's management principles. They also invited their employees and supervisors to provide systematic feedback. The 180-degree feedback is designed to give our managers the chance to reflect on and improve their own management conduct. This voluntary development instrument will now be offered to other senior managers as well. By this means, we seek to permanently instill our management principles throughout the company and give employees the chance to provide structured feedback to their supervising managers.

Compensation geared to success and performance

The compensation granted to the employees and managers of Axel Springer is geared towards success and performance, on the basis of target agreements. New targets are set every year. They include both company-wide targets, divisional targets, and individual targets. In addition, eligible employees received a profit-sharing bonus of € 800 for financial year 2010.

Share ownership program

Our employees benefited directly from the appreciation of the company's value by participating in our share ownership program. Under this program, all employees of Axel Springer AG and its domestic subsidiaries who were eligible for the profit-sharing bonus for 2010, or who had entered into a target agreement, were given the chance in May 2011 to convert 50 % or 100 % of their profit-sharing bonus or performance-dependent compensation into shares of Axel Springer AG. To those employees who opted to convert half their profit-sharing bonus or performance-dependent compensation, Axel Springer contributed an additional 15 %, and to those employees who opted to convert all that amount, the company contributed an additional 30%. The required holding period is one year for employees who qualified for the profit-sharing bonus and two years for those with a target agreement. The shares were taken from the treasury shares of Axel Springer AG.

Idea management program

The company's idea management program employs targeted bonus incentives to fully exploit the idea-generating potential of all employees, in order to make the company even more innovative and profitable. In 2011, we paid a total of € 168 thousand (PY: € 259 thousand) in rewards for the many improvement suggestions they submitted.

Pension plan

By participating in the VarioRente program, an innovative company pension plan based on deferred compensation, our employees can accumulate an additional pension benefit for themselves. In November 2011, the Management Board and Central Works Council of Axel Springer AG reached an agreement to extend the 6 % interest paid on contributions for another two years. This offer was very well received by employees again in 2011, as evidenced by the fact that the average participation rate rose to 39 % (PY: 38 %).

Equal opportunity and diversity

Axel Springer promotes the development of all its employees equally. Thus in 2010, Axel Springer launched a new, Group-wide project entitled "Opportunities:Equal!" to increase the percentage of women in senior management positions, so as to achieve a better balance between women and men in the company's management. The objective of this program is to increase the percentage of women on all management levels to more than 30 %, as a company-wide average, in the next four to seven years. Instead of a uniform quota, we adopted individual targets for each area of the company. At December 31, 2011, the percentage of women in management positions at Axel Springer in Germany was 25 %.

Compatibility of work and family

Axel Springer operates two attractive day care centers, each in close proximity to the company's offices in Berlin and Hamburg, respectively, for the children of its employees.

In the interest of helping its employees balance work and family, Axel Springer AG has also entered into a master agreement with the specialized service provider known as pme Familienservice. This independent company provides advice and referrals for child care, emergency child care, and care for family members in need of nursing care. This offer was extended to all the company's German locations in 2011.

The charitable foundation known as Hertie-Stiftung awarded the quality seal "audit berufundfamilie" (which means "work-and-family audit") to Axel Springer AG in May 2011. This coveted distinction, which is awarded under the auspices of the German Federal Minister for Family Affairs and the German Federal Economics Minister, assists companies in their efforts to permanently implement family-friendly personnel policies. Eight action areas systematically evaluate these companies' particular development potential, and then develop and implement coordinated measures to assure even better compatibility of work and family.

Social responsibility

To remain successful over time, a company must operate on a sustainable basis. At Axel Springer, our activities are guided by the International Social Policy, which applies to all our companies worldwide, and by our Environmental Protection Guideline. Furthermore, Axel Springer voluntarily submits to regular EC Eco-Audits of our printing facilities in Germany, which are conducted by an independent appraiser to verify compliance with our Environmental Protection Guidelines.

Axel Springer has published environmental performance reports since the mid-1990s (far earlier than most other German companies), as well as sustainability reports since 2000. Since 2005, the company has published a biannual Sustainability Report, compiled at "Level A+," on the basis of more than 120 economic, social, and ecological performance criteria established by the Global Reporting Initiative (GRI) and audited by an independent auditing firm. The latest Sustainability Report was published in mid-2010. The company's Sustainability Reports are available at www.axelspringer.de/sustainability.

Again in 2011, the ratings agency oekom research, which specializes in sustainability, conducted an in-depth study of the sustainability performance of exchange-listed media companies. Based on that research, oekom research issued its "prime recommendation" to Axel Springer AG.

Commitment to social responsibility

Axel Springer is the only media company to have its own corporate constitution. Dating back to 1967, this document proclaims the company's unconditional support of liberty and the rule of law in Germany, the social market economy, the unification of Europe, and the alliance with the United States of America, based on shared values. We also strongly advocate reconciliation between Germans and Jews, and support the vital rights of the Israeli people.

For a modern society composed of different nationalities and cultures, integration poses a particular challenge. For that reason, Axel Springer is particularly proud of the distinction awarded jointly to BILD and the Turkish daily Hürriyet: The Bavarian state government awarded its "Integration Letter" to Europe's biggest daily newspaper and the biggest Turkish daily primarily for "their reporting of positive examples of integration" and for the "basic tenor of their reporting." For many years, the two newspapers have collaborated in editorial matters, also exchanging reporters and editors.

In March 2011, BILD der FRAU held its fifth annual "GOLDENE BILD der FRAU" awards program to honor women who have demonstrated extraordinary commitment, passion, and competence in the service of social welfare projects. The five prize winners to be honored at the ceremony in March 2012 were presented to the public as part of a billboard campaign in more than ten cities.

Commitment to social welfare

Axel Springer conducted numerous activities and projects in support of other socially and politically relevant issues in 2010 as well as including donation campaigns and the support and recognition of volunteerism.

Donations

In December 2011, the association "BILD hilft e. V." sponsored the eleventh annual fundraising gala "A Heart for Children," raising more than € 14 million in donations. Since 1978, "A Heart for Children" has raised a total of more than € 190 million for needy children in Germany and around the world.

The mass-circulation daily BLESK, published by the joint venture Ringier Axel Springer Media in the Czech Republic, sponsored its second annual "Magic Night for Children." This year's fundraising gala, which is modeled on "A Heart for Children," raised about € 390 thousand in donations for gravely ill and handicapped children.

Volunteering
In a little more than two years, the “Berlin Heroes” program, through which B.Z. reports every day on volunteering and social welfare activities in Berlin, has reported on about 2.5 thousand “heroes” who volunteered about 15 thousand hours of their time. To mark the two-year anniversary of this program, “B.Z. am SONNTAG” devoted its issue of December 25, 2011 to the subject of social responsibility and “Berlin Heroes,” with information on social welfare causes, volunteering, and the right way to donate.

Founded in 2010, the FAKT Foundation, an initiative of the Polish mass-circulation daily FAKT, which is published by the joint venture Ringier Axel Springer Media, was supported again in 2011 by government officials, business leaders, and many well-known sports and entertainment figures. One of the projects sponsored by this initiative works to build and equip playrooms for children in Polish hospitals.

Commitment to sustainability

Energy efficiency and green IT
“Green IT” is a topic of growing importance for Axel Springer. As we make more of our journalistic content available for online or mobile consumption, the energy efficiency of digital data processing becomes more important. Furthermore, Axel Springer wishes to make its digital value chain transparent and establish appropriate sustainability standards similar to those applied in presenting and monitoring the print value chain. Under a Green-IT project sponsored by the German Federal Economics Ministry, Axel Springer AG and the German Federal Environment Agency are practice partners to TU Berlin and the University of Göttingen.

Sustainable business practices
Axel Springer has been documenting resource efficiency indicators for energy, CO_2, water, and waste at its printing plants and office buildings already since 1998. Furthermore, all our locations and companies are bound by the company’s Environmental Protection Guideline to minimize the burden on the environment and to use resources as efficiently as possible.

Environmental Indicators of the Printing Plants

per million m² of printed paper	2011	Change yoy
Waste water (in m³)	4.2	–5.4 %
Solid waste (in t)	2.0	–1.9 %
Energy consumption (in MWh)	7.1	–7.2 %
Greenhouse gas emissions (in t)	2.5	–2.0 %

All the company’s own printing plants reduced their absolute energy consumption from the prior year. Furthermore, the energy consumption per square meter of printed paper was reduced by more than 7 %. Factors contributing to these reductions included the warmer winter temperatures in 2011, compared to the prior year, as well as lower-volume print runs and the measures taken to enhance energy efficiency. Our printing plants in Germany and Hungary also improved their environmental performance indicators relative to waste water, greenhouse gas emissions, and solid waste, both in absolute terms and in terms of specific resource efficiency.

Sustainability management of our suppliers
We also expect our suppliers (especially along the wood, paper, and recycling chain) to engage in sustainable business practices. More specifically, we expect them to extract raw materials in the most environmentally compatible way possible and produce their products in a socially responsible manner. The corresponding ecological and social criteria are set out in our Environmental Protection Guideline and the International Social Policy.

Combined Management Report

General assessment of the Group's business performance and operating results in 2011

Axel Springer turned in a very successful performance in financial year 2011, moderately surpassing the revenue forecast that was originally published in March and then increased slightly in the autumn, and generating a record profit yet again.

Once again, the 10.1 % increase in **consolidated revenues** to € 3,184.9 million reflected the success of our internationalization and particularly our digitization efforts. Again in 2011, the increase in revenues was supported by consolidation effects, but also by organic growth. Adjusted for consolidation effects, consolidated revenues were 3.9 % higher than the corresponding prior-year figure.

The revenues generated in the German print business were slightly lower than the corresponding prior-year figure, but the profit margin of the Newspapers National segment was again very high and the profit margin of the Magazines National segment was even higher than the prior-year profit margin. The Print International segment reported a significant increase in revenues and EBITDA in 2011, due to consolidation effects related to the joint venture in eastern Europe in the first half of the year. The Digital Media segment generated very dynamic revenue growth, accompanied by a significantly higher increase in earnings.

The 16.2 % increase in the Group's overall **EBITDA** (Earnings Before Interest, Taxes, Depreciation, and Amortization) was significantly greater than the rate of revenue growth. The EBITDA of € 593.4 million was a new record for Axel Springer. The EBITDA margin improved from 17.6 % to 18.6 %, underscoring the Group's profitability. At € 289.4 million, consolidated net income was 5.6 % higher than the prior-year figure. Adjusted for non-operating effects, consolidated net income amounted to € 343.3 million, reflecting an even greater increase of 21.2 % over the corresponding prior-year figure. The earnings per share came to € 2.62 (PY: € 2.73), or € 3.03 on an adjusted basis (PY: € 2.60).

The Management Board and Supervisory Board will propose to the annual shareholders' meeting to be held on April 25, 2012 that the company pay a dividend of € 1.70 (PY: € 1.60) per qualifying share.

Outlook for 2012

In financial year 2012, Axel Springer will continue to pursue the threefold strategy of expanding its market leadership position in the German-language core business and advancing the process of internationalization and digitization.

Under the assumption that general economic conditions do not experience a significant deterioration, we expect to generate a single-digit percentage increase in the Group's **total revenues** in financial year 2012. The anticipated slight decrease in circulation revenues should be more than offset by the generally higher advertising revenues and other revenues, compared to 2011. We expect that the slightly lower revenues in the national and international print business will be more than made up by higher revenues in the digital media business.

We also expect that the Group's **EBITDA** will be slightly higher than EBITDA for 2011. In that respect, we anticipate slightly lower earnings in the print business, and substantially higher earnings in the digital business, compared to 2011.

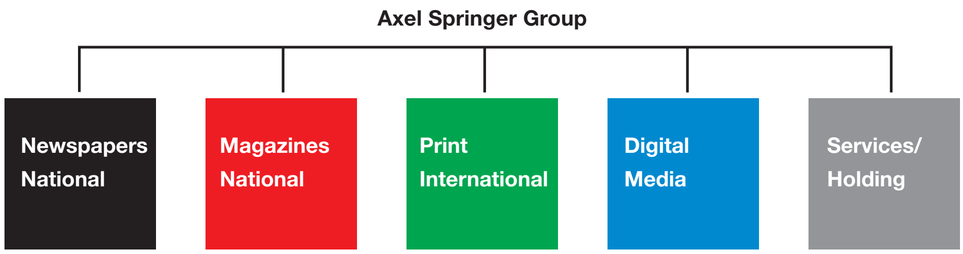
Introductory remarks

The present combined management report for Axel Springer AG and the Group contains statements about the economic situation and business performance of the Axel Springer Group. These statements are also largely applicable to the parent company Axel Springer AG. Additional information on the economic situation of Axel Springer AG is provided in a separate chapter on page 67.

In the interest of enhanced comparability, the operating earnings indicator EBITDA has been adjusted for nonrecurring effects and for the effects of purchase price allocations (see Section 31 of the notes to the financial statements).

Business and framework conditions

Segments



Corporate structure and business activities

Legal structure of the Group, business locations

Axel Springer AG is an exchange-listed stock corporation with its registered head office in Berlin. Through our numerous subsidiaries, we also maintain offices at other locations in Germany, including Hamburg, for example. In addition, the Axel Springer Group comprises numerous companies in other countries of Europe, such as in Budapest (Hungary), Prague (Czech Republic), Warsaw (Poland), Bratislava (Slovakia), Belgrade (Serbia), Moscow (Russia), Zurich (Switzerland), Paris (France), and Madrid (Spain). Through its subsidiaries, joint ventures, and licenses, we are represented in a total of 34 countries. At December 31, 2011, the Axel Springer Group comprised 119 fully consolidated companies, including 65 outside of Germany. The consolidated shareholdings of the Group are listed in Section 42 of the notes to the financial statements.

Segments and organizational structure

The business activities of Axel Springer are divided into a total of five segments: Newspapers National, Magazines National, Print International, Digital Media, and Services/Holding. We employ a cross-media approach to link these segments, both strategically and economically, in order to make optimal use of synergies and identify all possible ways of generating value, ideally.

Newspapers National

This segment comprises the newspaper and advertising supplements published in Germany, which are subdivided into newsstand newspapers and subscription newspapers, as well as regional and national newspapers.

Portfolio Newspapers National (Selection)

Newsstand Newspapers		Subscription Newspapers	
National	**Regional**	**National**	**Regional**
▪ BILD ▪ BILD am SONNTAG	▪ B.Z. ▪ B.Z. am SONNTAG	▪ DIE WELT ▪ WELT KOMPAKT ▪ WELT am SONNTAG ▪ WELT am SONNTAG KOMPAKT	▪ HAMBURGER ABENDBLATT ▪ BERLINER MORGENPOST

BILD is Europe's biggest daily newspaper. Among **newsstand newspapers**, it is the market leader in Germany by a wide margin. Together with the Berlin newspaper B.Z., it commands a market share of 79.9 %, based on the paid circulation of German newsstand newspapers. B.Z. is also the market leader in the Berlin newspaper market.

Among **subscription newspapers**, DIE WELT is Germany's third-biggest premium daily newspaper, with a market share of 16.9 % (including the tabloid-format WELT KOMPAKT, based on paid circulation). The biggest subscription newspaper in Hamburg and the surrounding area is our regional newspaper HAMBURGER

ABENDBLATT, and BERLINER MORGENPOST is the second-biggest subscription newspaper of the German capital city. As for national newspapers, our Sunday newspapers BILD am SONNTAG and WELT am SONNTAG are the clear leaders, commanding an 84.1 % share of the circulation market.

Magazines National

Axel Springer is the third-biggest German magazine publisher, with leading market positions in all the main segments.

Portfolio Magazines National (Selection)

TV Program Guides and Women's Magazines	Automotive, Computer, and Sports Magazines	Music Magazines
TV Program Guides	**Automotive**	**Music**
▪ HÖRZU	▪ AUTO BILD	▪ ROLLING STONE
▪ TV DIGITAL	▪ AUTO TEST	▪ MUSIKEXPRESS
▪ FUNK UHR	▪ AUTO BILD KLASSIK	▪ METAL HAMMER
Women's	**Computer**	
▪ BILD der FRAU	▪ COMPUTER BILD	
▪ FRAU von HEUTE	▪ COMPUTER BILD SPIELE	
	Sports	
	▪ SPORT BILD	

In the category of **TV program guides and women's media**, the biweekly TV DIGITAL is the highest-circulation TV program guide in the high-price segment, while HÖRZU occupies the leading position in the category of premium weekly TV program guides. The market leader in the category of women's magazines is BILD der FRAU, with a circulation market share of 31.8 %.

Nearly all the Group's **automotive, computer, and sports media** are derived from the BILD family of brands. AUTO BILD, COMPUTER BILD, and SPORT BILD are each leaders in Europe in their respective categories. The Group's specialty titles also occupy top positions in their respective market segments.

The market segment of **music magazines** comprises ROLLING STONE, MUSIKEXPRESS, and METAL HAMMER.

Print International

In addition to its activities in Germany, Axel Springer publishes more than 190 newspapers and magazines through its own subsidiaries and joint ventures, and by way of licensing. Axel Springer has further extended both its presence and its portfolio in eastern Europe through the joint venture Ringier Axel Springer Media. In the segment of mass-circulation dailies, Axel Springer is currently the market leader in four countries of eastern Europe (see page 48 for additional information on the joint venture). In western Europe, Axel Springer's activities are focused on Switzerland, France, and Spain.

Markets Print International

Eastern Europe	Western Europe
Ringier Axel Springer Media	
▪ Poland	▪ Switzerland
▪ Czech Republic	▪ France
▪ Slovakia	▪ Spain
▪ Serbia	
▪ Hungary	
▪ Russia	

Eastern European markets

In **Hungary**, Axel Springer publishes more than 40 magazines and nine daily newspapers, as well as the corresponding Sunday newspapers, and is that country's second-biggest publishing company, with a market share of 20.8 %, based on paid circulation. Axel Springer is the leading publisher of TV program guides, regional and business newspapers, home and garden magazines, automotive magazines, cooking magazines, and puzzle magazines. See page 48 for information on the planned merger of Axel Springer's activities in Hungary with those of Ringier, including Blikk, which is the country's biggest mass-circulation daily, based on paid circulation.

In **Poland**, Ringier Axel Springer Media publishes three newspapers and 12 magazines. These include Poland's leading newsstand newspaper FAKT and the country's only national sports daily PRZEGLAD SPORTOWY and give us a market share of 35.8 % in the national daily newspapers segment, based on paid circulation, making Ringier Axel Springer Media the biggest newspaper publisher in Poland.

In the **Czech Republic**, our joint venture with Ringier is the biggest publishing house, with six newspapers and 14 magazines. Besides the leading mass-circulation newspaper BLESK, Axel Springer is also the market leader in the category of automotive magazines. And BLESK PRO ZENY is the widest-reach women's magazine in that country.

Axel Springer's market leadership position in **Slovakia** is largely based on the NOVY CAS family of brands, consisting of two newspapers and four magazines. The eponymous mass-circulation newspaper is the country's biggest newspaper, with a market share of 43.4 %. In total, Ringier Axel Springer Media publishes two newspapers and nine magazines in Slovakia.

In **Serbia**, Ringier Axel Springer Media publishes three newspapers and seven magazines, and is the publisher with the highest total circulation and the widest reach in that country. The joint venture also publishes BLIC, the biggest newspaper in Serbia.

We publish a total of seven titles in **Russia**: the business magazine FORBES, as well as COMPUTER BILD, GALA BIOGRAFIA, and OK!, and three magazines of the GEO brand family.

Western European markets

In **Switzerland**, Axel Springer publishes HANDELSZEITUNG, as well as 14 magazines. It is the market leader in the segments of business and finance magazines and TV program guides. The business magazine BILANZ and the business newspaper HANDELSZEITUNG are the most-read publications in the business segment. In the category of general-interest magazines, Axel Springer publishes the country's biggest subscription magazine, BEOBACHTER; in the category of TV program guides, the Group is likewise the market leader, through its publications TELE and TV STAR.

In **France**, we publish nine TV program guides, women's magazines, and cooking magazines, as well as four automotive magazines in a joint venture with the Mondadori Group. The most important titles are the TV program guide TELE MAGAZINE, the cooking magazine VIE PRATIQUE GOURMAND, and the automotive magazine AUTO PLUS.

Axel Springer publishes 14 magazines in **Spain**. We are the No. 1 publisher in the category of video game and computer magazines; in the automotive magazine segment, we publish the market leaders AUTO BILD ESPAÑA and AUTO BILD 4x4.

Digital Media

In its Digital Media segment, Axel Springer focuses on its three areas of expertise: content portals, online marketplaces, and online marketing. Aside from our German online offerings, this segment also comprises our digital activities in foreign countries and our portfolio of radio and television investments.

Portfolio Digital Media (Selection)

Content portals	Marketplaces	Marketing
■ Bild.de ■ aufeminin.com ■ gamigo.de ■ welt.de ■ autobild.de ■ computerbild.de ■ finanzen.net ■ abendblatt.de ■ morgenpost.de	■ SeLoger.com (Real estate) ■ stepstone.de (Jobs) ■ idealo.de (Price comparison) ■ immonet.de (Real estate) ■ AutoReflex.com, CarWale.com (Automotive)	■ zanox ■ Digital Window ■ eprofessional ■ kaufDA

Content portals

Bild.de is the widest-reach German-language information and entertainment portal, while WELT ONLINE occupies the leadership position among the websites of German premium newspapers. Thanks to its comprehensive video offering, Bild.de is also one of the leading moving-image platforms on the German Internet. And Bild.de Mobile is the biggest German information portal for mobile terminal devices, with an average of more than 29.4 million visits per month.

Axel Springer's portfolio in this segment is supplemented by the online portals of the Group's German regional newspapers and magazines, and its foreign print media. Axel Springer also operates the women's portal aufeminin.com, the European market leader among websites for fashion, beauty, and lifestyle, as well as a large number of special-interest portals, such as the finance portal finanzen.net, market leader in the finance portal segment, and gamigo.de, one of the leading providers of online games in Europe, for example. In addition, we operate a soccer community, transfermarkt.de, which is also one of the biggest sports websites in the German-language Internet.

Furthermore, Axel Springer offers its own editorially produced content increasingly in the form of paid apps for mobile terminal devices like smartphones and especially tablet PCs (see also page 61).

Marketplaces

Axel Springer's online marketplaces help Internet users find the right products, amid the sheer abundance of available offerings. StepStone is one of the leading online job exchanges in Europe; idealo.de is one of the biggest German search engines for price and product comparisons; and immonet.de is one of the leading German online portals for real estate marketing. In France, SeLoger is the market leader among online real estate portals; since mid-2011, it also holds an investment in iProperty, the biggest network of real estate portals in southeast Asia. And we hold an investment in AutoReflex.com, a leading French portal for automotive classified ads, as well as investments in autohaus24.de, a cross-brand portal for new cars, in buecher.de, an online department store for books, music, and films. In India, we hold a majority interest in CarWale.com, the market leader for online sales of new and used cars.

Marketing

Through the zanox Group (including Digital Window, buy.at, and M4N), Axel Springer is the European market leader and one of the world's leading service providers in the segment of performance-based online marketing. In March 2011, moreover, Axel Springer purchased a majority interest in kaufDA, the German market leader for local shopping offers, such as online brochures, for example.

TV/radio

In the TV/radio sector, the Group holds a non-controlling interest in Turkey's biggest private-sector TV and radio company, the Doğan TV Group. This TV Group is the market leader, both in terms of audience shares and advertising market shares. Schwartzkopff TV is a successful production company specializing in TV entertainment formats. Axel Springer also holds investments in regional TV stations in the key markets of Hamburg and Berlin, and non-controlling interests in some of Germany's most successful radio stations.

Services/Holding

The Services/Holding segment comprises the Group's three newspaper printing plants in Germany, as well as the internal departments of Distribution and Logistics, and various service and holding company functions.

Management and supervision

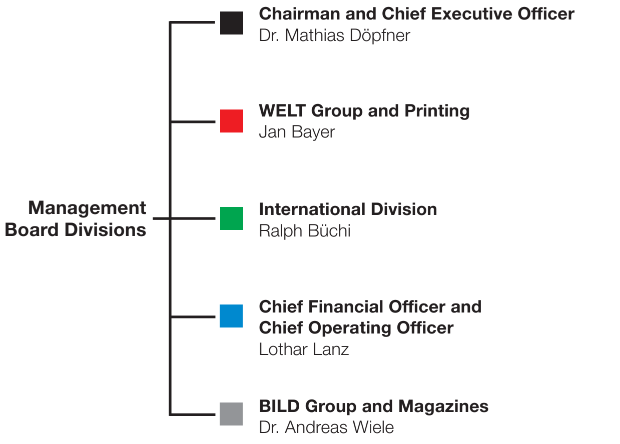
Management principles

Axel Springer's management principles are aligned with our core values of creativity, entrepreneurship, and integrity, as well as the five principles enshrined in Axel Springer's own corporate constitution. For more information on our internal guidelines, please refer to the statements on corporate governance on page 86 of this Annual Report.

Management Board divisions

As of January 1, 2012, Axel Springer's Management Board is composed of five members, whose work is supported and supervised by a Supervisory Board composed of nine members.

Axel Springer Management Board Divisions



Rudolf Knepper, the Management Board member in charge of Printing, Logistics, and HR, resigned from Axel Springer AG upon the expiration of his term of office on

December 31, 2011. Therefore, the areas he had been responsible for were reorganized, effective January 1, 2012. Lothar Lanz, the Management Board member who had previously been in charge of Finance and Services, additionally assumed responsibility for Human Resources and Purchasing under the extended Management Board division of Human Resources, Finance, and Services. Dr. Andreas Wiele, the Management Board member in charge of the BILD Group and Magazines, additionally assumed responsibility for IT and Logistics & Services. Jan Bayer, the Chief Executive in charge of regional and subscription newspapers, was named the Management Board member in charge of the WELT Group and Printing. Finally, Ralph Büchi, President of Axel Springer International and Managing Director of Axel Springer Schweiz, assumed responsibility for International Business.

Management Board responsibilities are now divided as follows:

Besides serving as Management Board Chairman, Dr. Mathias Döpfner is additionally responsible for the Management Board division of Digital Media, as well as the corporate staff function of Information and Public Relations. Furthermore, all editors-in-chief report to him. His responsibilities also include Executive Personnel, Security, Public Affairs, Customer Loyalty Reinforcement, and the Axel Springer Academy.

Jan Bayer has been the Management Board member in charge of the WELT Group and Printing since January 1, 2012. This division covers regional and subscription newspapers (WELT Group, BERLINER MORGENPOST, HAMBURGER ABENDBLATT) and the company's printing plants.

Ralph Büchi heads up the Management Board division of International Business, which encompasses all the Group's activities in Axel Springer's international markets.

Lothar Lanz is the Management Board member in charge of Human Resources, Finance, and Services, which includes business administration functions and Internal Audit. He is also responsible for M&A and Strategy, Governance, Risk & Compliance, Legal, and Purchasing.

Effective January 1, 2012, Dr. Andreas Wiele, the Management Board member in charge of the BILD Group and Magazines, will additionally assume responsibility for IT and Logistics & Services. His division encompasses the cross-media publications of the BILD family of brands and the related magazines, which are subdivided into the publishing groups BILD and BILD am SONNTAG, Automotive, Computer and Sports Media, TV Program Guides, and Women's Media, and B.Z.

Basic principles of the compensation system

We compensate our employees, all the way up to the top management level, on the basis of their performance and success. Axel Springer introduced a variable compensation system based on target agreements in 2007. The targets are agreed every year anew; they include both corporate targets and individual division targets. In 2010, moreover, we paid a voluntary, profit-sharing bonus of € 800 to qualifying employees.

The compensation of the Management Board is likewise determined on the basis of their performance and success. Their compensation includes a remuneration as well as variable components, some of which are geared to the achievement of Group and individual targets, while others are geared to the long-term increase in the company's value, as measured by the performance of the Axel Springer share. A detailed description of Management Board compensation can be found in the "Compensation Report" section of the "Corporate Governance" chapter (starting on page 93). There, you will also find information on the compensation of our Supervisory Board members (starting on page 95).

Important products, services, and business processes

The revenues of the Axel Springer Group are mainly composed of circulation and advertising revenues. Circulation revenues are generated on the sales of our newspapers, magazines, and digital information and entertainment offerings, while advertising revenues are generated by marketing the reach of our print and online media.

Our value chain is designed on a cross-media basis. It comprises all the important processes of a media company, from conception to editorial process and production, distribution, and marketing.

Cross-media conception

We constantly strive to enhance the presentation of our information and entertainment offerings, for example by improving existing formats with new editorial and graphic concepts or by introducing new products. In that respect, we place an especially strong emphasis on our digital media portfolio. The further development of our portfolio is crucial to the success of our operating business. For that reason, we also employ market research and pilot projects to identify highly promising trends and technologies at an early stage, and to participate in their progression. At the same time, we always apply a cross-media approach, so that we can make optimal use of synergies, expertise, and reach.

Editorial content

Producing journalistic content in a creative and efficient way, and exploiting that content on a cross-media basis, is one of our core competencies. All journalistic content is gathered in our newsrooms and processed there in accordance with the demands of our print and online media. We operate such integrated newsrooms for the print, online, and moving-image media of the BILD and WELT Groups, as well as BERLINER MORGENPOST, B.Z., and HAMBURGER ABENDBLATT, for example, and also for some of our international editorial teams.

Production

We produce our German newspapers in the Group's own three offset printing plants in Hamburg-Ahrensburg, Essen-Kettwig, and Berlin-Spandau, among other places. We perform all the necessary steps ourselves, from plate production to shipping logistics. The production process for our digital media usually involves the processing and aggregation of information in databases and the posting of that information on our websites or other digital resources.

Distribution

In Germany, our newspapers and magazines are distributed in more than 122 thousand retail sales outlets, which are supplied in a fast, reliable manner, employing a sophisticated logistics and transport system. We also distribute our media worldwide, via press wholesalers and press import companies.

We distribute our digital media through a variety of channels, including the Internet, mobile terminal devices, and download platforms like Apple's App Store and our internally developed iKiosk (see page 44).

Marketing

Another important revenue source for Axel Springer, besides the traditional circulation revenues generated on sales of our print titles, are advertising revenues. In that respect, our journalistic content serves the purpose of reaching the target groups that are relevant to advertisers, so as to generate the reach that can be marketed in the form of ad space.

In the digital sphere, Axel Springer offers a wide range of online advertising, such as banners, layer ads, and wallpaper, as well as video formats, all of which are used for traditional reach marketing. We also seek to harness the potential of the growing online market by expanding our own online marketing activities. Our portfolio also includes transaction-driven marketing models. As the leading platform in Europe for performance-based online marketing, the zanox Group brings advertisers and publishers together on the Internet, so as to generate new sales and marketing possibilities for them on an international level. Advertisers use our platforms to make their products and services available so that publishers can advertise those products and services by means of text links, ad banners, and online videos. While the publishers receive a commission from the advertisers for every successfully completed online transaction, our platform operates as an independent service provider, providing the necessary infrastructure, recording data flows and transactions, and offering tailored services, including the payment of commissions. Furthermore, the services offered by kaufDA give advertisers the ability to deliver advertising brochures (inserts) via digital channels, increasingly also to mobile terminal devices.

Axel Springer's newspapers and magazines, and its brand-derived digital media, are centrally marketed in Germany by Axel Springer Media Impact, the country's leading cross-media marketer (based on gross market shares).

Strategy and success monitoring

The goal of our corporate strategy, which comprises the three main tenets of market leadership in the German-speaking world, internationalization, and digitization, is to sustainably increase the company value of Axel Springer by means of profitable growth.

Strategy

In view of the constantly growing use of digital media, we instigated the transformation from a mostly print-dominated publishing house to an integrated cross-media provider at an early stage. The long-term goal of our efforts to further develop our offerings in Germany and abroad and expand our digital activities is to become Europe's leading multimedia company, with strong brands and revenues derived in equal shares from our print and digital activities. We are pursuing this goal intensively by means of extending our leading market position in the German-language core business, and by driving internationalization and digitization.

Market leadership in the German-language core business

Axel Springer is the market leader in the German-language print business. Based on paid circulation, we are the No. 1 publisher of newspapers and the No. 3 publisher of magazines. We strive to secure and solidify our market leadership position by continually developing and implementing creative new journalism concepts, and by improving our existing print media or adapting them to suit changing reader preferences, in matters of conception, journalistic quality, and layout. We also conduct targeted marketing campaigns and other activities to reinforce the brand loyalty of our readers. Most of all, we focus on continually improving our strong brands in combination with innovative cross-media advertising formats, in order to allow for optimal exploitation of the wide reach of our print and online media.

Internationalization

Axel Springer's internationalization strategy is focused primarily on eastern Europe, where we launch or purchase new titles and also act as licensors and licensees for magazines or newspapers, and expand our digital activities. Appropriate investments are chosen on the basis of business strategies that fit in well with those of the Axel Springer Group, as well as the professionalism of their management, and the monetization potential of their digital business models.

With currently four market-leading mass-circulation newspapers in attractive growth markets, the partnership with Ringier in the joint venture Ringier Axel Springer Media provides an outstanding basis for the further expansion of our core business of journalism; it also creates ideal conditions for the further expansion of our digital media business (see page 48 for more information on the joint venture). We made significant progress in integrating the activities within the joint venture in 2011.

The growth in international revenues was also driven by the internationalization of digital business models and acquisitions, such as the acquisition of the French real estate portal SeLoger.com.

Digitization

In its digital business, Axel Springer focuses on its three areas of core competence: content portals, online marketplaces, and online marketing. We develop our business even further by means of organic growth and acquisitions.

We strive to transfer those attributes that make our print media so outstanding – journalistic quality and strong brands – to our national and international **content portals** in a targeted manner. Thanks to the continuous improvement of editorial content and intensive networking with virtual networks and online communities, the target groups, and consequently also the reach values of our content portals, are growing as well. In our content portals, we are increasingly moving also in the direction of paid premium content and offerings, putting to good use the experiences we have gathered from the formats introduced in the last few years. By that means, we are exploiting new revenue sources.

Our **online marketplaces** like SeLoger, StepStone, idealo.de, and immonet.de are attractive platforms for online shopping and online classified ads. We are constantly improving these marketplaces, while also taking advantage of the synergies resulting from the combination with our content portals and print titles.

We are also exploiting the potential of the growing online market by expanding our own **online marketing activities**. In line with our strategy, we are seeking to further expand the offerings of the zanox Group and kaufDA, as well as the online marketing activities of our marketer Axel Springer Media Impact.

Internal management system

We have designed our internal management system and have defined suitable control parameters on the basis of our corporate strategy. We use both financial and non-financial performance indicators to measure the success of our strategy.

Detailed monthly reports are an important element of our internal management and control system. Those reports contain the monthly results of our most important publications, along with a consolidated statement of financial position, income statement and cash flow statement. We use these reports to compare actual values with budget values; in case of deviations, we conduct further analyses or initiate suitable corrective measures.

These reports are supplemented by periodic forecasts of anticipated advertising revenues in the next few weeks and months and forecasts of the probable development of our financial performance.

Financial performance indicators and control parameters

Our central focus is to sustainably increase both the profitability and value of our company. The most important target and control parameters for the company's financial performance are revenues and earnings (measured by EBITDA). Those parameters also form the basis for the performance-based remuneration of our Management Board and other top executives (please refer to 93 for more information on our compensation system). Both these indicators and the EBITDA margin derived from them are anchored in our internal planning and controlling system.

We employ various relative indicators to monitor the successful implementation of our strategy, including the proportion of consolidated revenues represented by international revenues, for the purpose of analyzing the progress we are making towards the goal of internationalization, and the revenues of the Digital Media segment as a benchmark for our progress on digitization.

We employ a capitalized value method based on weighted capital costs to assess the economic efficiency of investments in new or existing business lines. The weighted capital cost rate is calculated on the basis of an ideal capital structure.

The risk of a capital investment project is generally represented by using a capital markets equilibrium model, applying a beta factor (for the business-specific, systematic risk), and a market premium (for the country-specific, nonsystematic market risk). As a general rule, it is assumed that the company's systematic risk is equivalent, on average, to that of comparable companies in our peer group of European media companies. Other specific risks are additionally reflected in the updated, weighted capital costs.

Financial Control Parameters

Selected financial control parameters on the Group level, € millions	**2011**	**2010**
Consolidated revenues	3,184.9	2,893.9
Proportion of international revenues	32.9 %	28.1 %
Proportion of digital media[1]	30.9 %	27.4 %
EBITDA	593.4	510.6
EBITDA margin	18.6 %	17.6 %

[1] Basis: Pro-forma revenues in the Digital Media segment and pro-forma total revenues.

Non-financial performance indicators and control parameters

Besides financial performance indicators, we also employ non-financial performance indicators to measure our success relative to the further development of our company, the implementation of our strategies, and the enhancement of our company value. Although the nonfinancial performance indicators are not reflected in our income statement, they are nonetheless key drivers of Axel Springer's value-driven development. They serve as early indicators, both of changes in financial performance indicators and of the success of strategic measures, and therefore they enable us to quickly initiate corrective measures when necessary.

The following non-financial performance indicators are significant for monitoring the company's performance relative to customers, markets, and products offered:

- Average paid circulation of all significant newspapers and magazines;
- Average monthly unique visitors/visits, and other business model-specific indicators of our online media, and the resulting market position;
- Reach values of our media in the advertising market and indicators of brand and advertisement familiarity.

Axel Springer has also set itself the goal of being Europe's most customer-friendly media company. To that end, since 2007 we have developed an elaborate measurement and evaluation system to measure our annual customer retention index, in collaboration with the institution TNS Infratest. This index is the most important indicator of satisfaction and loyalty of our readers and advertising customers. It is composed of numerous factors, including the perceived quality of our publications, the brand loyalty of our customers, repeat purchase rates, and the respective competitive advantage. The customer retention initiative has triggered a cultural transformation in our company and further bolstered our commitment to customers over the last five years. And thanks to the multifaceted measures aimed at delivering added value to all our customer groups, it makes a strategic contribution to the long-term business success of our Group.

In order to identify and promote efficient processes within our company as well, we measure the quality of our internal cooperation and service orientation in a similar manner and aggregate the results to form an internal customer retention index. Together with the external customer retention index, this indicator forms the basis for a continuous improvement process that contributes to the long-term enhancement of the company's profitability.

In addition to the above-mentioned control parameters, Axel Springer also counts social and ecological factors among its non-financial performance indicators. For their observation, we rely on the sustainability criteria of the Global Reporting Initiative (GRI). Our main ecological efficiency indicators are wastewater volumes, solid waste quantities, climate-affecting emissions, and energy consumption. For more information on the subject of sustainability, please refer to page 32 of this Annual Report or our Sustainability Report.

Research and development

Axel Springer does not have a traditional research and development department of the kind that can be found in industrial enterprises; nonetheless, throughout the company, we constantly strive to optimize our offerings and to establish innovative products in the market. Above all, we continuously introduce new print, online, or mobile formats, develop our editorial content, and uphold our journalistic excellence. In that regard, we pay especially close attention to identifying changing media usage habits as early as possible.

In the print business, BILD offered an entirely new advertising format with its first XXL issue in August 2011. The DIN A1-format display area was especially attractive for our advertising customers. The Slovakian daily NOVY CAS also published an XXL issue in 2011.

In the digital business, we expanded our paid-content offerings for mobile devices. On the one hand, a growing number of Axel Springer's media titles are now available as iPhone and iPad apps. Among the new products offered were three news apps by Ringier Axel Springer in Slovakia, the e-magazines BEOBACHTER and BEOBACHTER NATUR in Switzerland. On the other hand, we introduced new versions of our innovative apps that can run on other operating systems and tablets. To cite a few examples, Android-compatible apps were introduced for AUTO BILD, immonet, autoplus.fr, and zanox. Furthermore, DIE WELT and WELT am SONNTAG can now be enjoyed on both the iPad and the Kindle, the e-book device produced by Amazon, as well as Android tablets. Thus, the WELT Group became the first newspaper group in Germany to offer content for all three relevant platforms, in December 2011.

Since being introduced in 2010, our iKiosk app has enabled users to access a broad selection of Axel Springer's newspapers and magazines on the iPad; in December 2011, we launched an upgraded version of this app, featuring more than 100 different titles, as well as new functions and services, including (for the first time) other publishers' titles such as "Die Zeit," "Süddeutsche Zeitung", and "Handelsblatt," and others. Also in 2011, iKiosk was introduced to the Swiss market, as the first market outside of Germany; users of the Swiss version can access both national titles and other publications by Axel Springer. An app comparable to iKiosk, called iStanok, was launched in Slovakia, enabling users to access the seven most popular magazines published by Ringier Axel Springer Media.

We also upgraded watchmi, the algorithm-based, self-learning personal TV service that automatically records TV programs based on the user's individual preferences, so that users can view them at any time. This upgrade will enable watchmi to tap new groups of customers. We also added two new options in 2011, making it possible to run the program on set-top boxes and on the Web, in addition to Windows Media Center. Since being launched, watchmi's Windows Media Center plug-in has been downloaded about 200 thousand times. We also introduced new apps for Internet-capable (and thus app-capable) TV sets in 2011, including "Bild.de News" with the latest news, pictures of the day, and lots of videos on politics, sports, and entertainment, from the BILD editorial team.

Overview of business developments

General economic environment

The **global economic** recovery began to lose steam in 2011. After registering very strong growth of 5.1 % in 2010, the world economy is likely to have grown by only 3.8 % in 2011. The continuation of the slowing trend that began in mid-2010 can be attributed to the debt problems of many industrialized nations and to more restrictive economic policies (ifo Institute).

The intensification of the debt crisis weakened the European economy in particular. The U.S. economy began to revive in the second half of 2011, apparently banishing the specter of a "double-dip" recession there. The emerging-market countries of east Asia and Latin America adopted more restrictive economic policies, particularly in the first half of 2011, with the aim of preventing their economies from overheating (ifo Institute).

The **German economy** registered strong growth again in 2011. According to calculations of the German Federal Statistical Office, the country's price-adjusted gross domestic product expanded at a rate of 3.0 %. Thus, the German economy continued to experience a strong recovery, also in the second year after the economic crisis. Domestic demand was a major factor driving this recovery; consumer spending in particular, having increased at a rate of 1.5 % in 2011, proved to be the engine of the country's economic upswing. But the German economy was also helped by strong investment spending. On a price-adjusted basis, investment in plant and equipment rose by 7.6 % and building investment spending by 5.8 %. Although foreign trade made a smaller contribution to Germany's economic growth than domestic demand, it was nonetheless dynamic: On a price-adjusted basis, exports grew by 8.2 %, while imports grew at a slightly lower rate of 7.4 % (German Federal Statistical Office).

The number of unemployed job-seekers fell to 3.0 million in 2011, reflecting a decrease of 8.1 % from 2010 and lowering the unemployment rate to just 7.1 %. The consumer sentiment index published by the market research company GfK Group remained on a high level in 2011. Towards the end of the year, however, purchasing propensity weakened somewhat. According to calculations of the German Federal Statistical Office, consumer prices rose by 2.3 % in 2011, mainly as a result of higher energy prices.

In the **EU countries of central and eastern Europe**, economic activity weakened appreciably in the second half of 2011. Industrial production slowed markedly and the high level of debt carried by private households increased considerably.

Anticipated Economic Development (Selection)

Change in gross domestic product compared to prior year (real)	2011
Germany	3.0 %
Switzerland[1)]	2.1 %
France	1.6 %
Spain	0.7 %
Hungary	1.4 %
Poland	4.0 %
Czech Republic	2.0 %
Slovakia	2.9 %
Serbia[1)]	2.0 %
Russia	4.0 %

Source: Ifo Institute, December 2011
[1)] Source: IMF, September 2011.

Industry environment

Press distribution market

Continuing the trend of prior years, the German press distribution market contracted slightly in 2011. The total paid circulation of newspapers and magazines was 3.3 % less than the corresponding prior-year figure. Thanks to price increases, however, circulation revenues were only 1.7 % less than the corresponding prior-year figure.

The 369 **daily and Sunday newspapers** tracked by the German market research institute IVW generated total sales of 21.9 million copies per issue, reflecting a decrease of 3.1 % from 2010. As in the prior year, newsstand sales suffered a much greater decline (– 6.2 %) than subscription sales (– 1.9 %). Within the press distribution market, the demand for daily and Sunday newspapers (weighted for their respective publication frequencies) declined by 3.1 %.

At 110.7 million copies per issue, total sales of **general-interest magazines** including membership and club magazines were 1.7 % less than the corresponding prior-year figure. IVW tracked a total of 880 titles (+ 0.5 % over the prior-year figure). Weighted for their respective publication frequencies, the demand for general-interest magazines declined by 4.0 %.

Whereas the circulation volumes of print media declined again in 2011, **online media** continued the growth trend of prior years. According to the study entitled “internet facts 2011–10” published by the online research association Arbeitsgemeinschaft Online Forschung (AGOF), a total of 50.2 million people in Germany already use the Internet (Internet users in the last three months). That number represents 71.3 % of German residents aged 14 and older. As the Internet has become established in all segments of the population, the demographic structure of Internet users has drawn increasingly closer to that of the overall population. Nearly three quarters of Internet users (70.7 %) are between 14 and 49 years old, and thus the proportion of users over 50 years old has since risen to 29.3 %. Of the 50.2 million people who use the Internet on a regular basis, 70.8 % go online to obtain information about world events and 61.8 % use the Internet for information on regional or local news. Thus, news is one of the main reasons for using the Internet, besides e-mail, online searches, online shopping, and weather information. Jobs and real estate listings were also two of the 20 most-used online categories.

Based on IVW data, the content portals of the German print media were visited much more frequently in 2011 than in 2010. Thus, the 20 most popular portals of German daily newspapers registered an average 20.9 % increase, those of magazines an average 18.6 % increase in the number of visits.

Advertising market

The German advertising market exhibited a positive development again in 2011. According to surveys conducted by Nielsen Media Research, the revenues of the **total gross advertising market** registered a nominal increase of 2.7 % over the prior year to reach € 21.8 billion in 2011. This gain resulted mainly from the growth of online media, TV advertising, and billboard advertising.

Unless otherwise noted, the information presented below on the development of the advertising market in Germany is based on the latest survey of gross advertising revenues (excluding media advertising) by Nielsen Media Research. This data refers only to ads for name-brand products and services and to ads for large retail chains. The data does not include classified ads and advertising supplements and therefore it does not fully reflect the actual, total business performance. Furthermore, gross advertising revenues are based on listed standard advertising rates and do not reflect discounts or free ad space granted. In general, therefore, one must assume that the development of net advertising revenues lags behind that of gross advertising revenues.

The gross advertising revenues of the **print media** (excluding classified ads, advertising supplements, and media advertising) amounted to € 6.4 billion in 2011, which was 3.3 % less than the corresponding year-ago figure. The decrease resulted mainly from the 6.5 % drop in the volume of display ads appearing in **newspapers** (Nielsen Media Research; excluding classified ads and media advertising). The lower advertising expenditures of numerous sectors (particularly retail stores, textiles, telecommunications, finance, and tourism) were not fully offset by the higher advertising expenditures of other sectors, such as automobiles, services, personal care articles, other transportation, and beverages, for example. The negative development in the retail sector can be attributed mainly to the reduced volume of ads for technology retailers and discount retail chains. Furthermore, the figure for 2010 was elevated as a result of additional advertising expenditures related to the Soccer World Cup.

According to Zeitungs Marketing Gesellschaft (ZMG), the net ad volume of regional subscription newspapers (including classified ads) in 2011 was 4.2 % less than the corresponding figure in 2010. The development reflects the lower volume of classified ads related to real estate, events, travel, and family notices, in particular. Along with the automotive market (+ 7.8 %), the volume of help-wanted ads (+ 14.1 %) was considerably higher in 2011, thanks to the improved situation of the jobs market. For the full year 2011, the ad volumes of national newspapers (including classified ads) were 5.2 % lower, on average, than the corresponding figure for 2010 (S+H Medienstatistik).

According to Nielsen, **general-interest magazines** generated gross advertising revenues (excluding media advertising) of € 2.7 billion, reflecting a very small increase of 0.3 % over the prior-year figure. Whereas monthly women's magazines (+ 7.8 %), supplements (+ 14.5 %), the automotive press (+ 5.4 %), and home and garden magazines (+ 5.6 %) registered the biggest gains, other categories, including illustrated current-interest magazines (– 2.9 %), weekly women's magazines (– 5.0 %), IT/telecommunications magazines (– 3.8 %), and sports magazines (– 3.5 %), generated lower advertising revenues.

According to Nielsen Media Research, the gross advertising revenues (excluding media advertising) of the German **online market** (conventional banner advertising, excluding search term marketing and affiliates) amounted to € 2.8 billion in 2011, reflecting an increase of 22.6 % over the corresponding year-ago figure. This gain was driven mainly by increases in the sectors of finance, the automotive market, telecommunications, personal care products, food, and computers. Also in the online market, the development of gross advertising revenues does not adequately reflect the real trend.

According to Nielsen Media Research, the gross advertising revenues (excluding media advertising) of **advertising-financed TV** in Germany amounted to € 10.3 billion in 2011, reflecting an increase of 1.7 % over the corresponding prior-year figure. Whereas the gross advertising revenues of private-sector TV stations rose by 1.7 % to € 9.9 billion, those of state-owned TV stations rose by 2.7 % to € 387.1 million.

At € 1.2 billion, the gross advertising revenues (excluding media advertising) of **radio stations** were 1.4 % higher than the corresponding prior-year figure. The gross advertising revenues of state-owned radio stations rose by 6.6 %, while those of private-sector radio stations contracted by 0.8 %.

The gross advertising revenues of **billboard advertising** amounted to € 982.2 million in 2011, reflecting an increase of 10.2 % over the corresponding prior-year figure.

Anticipated Advertising Activity 2011 (Selection)

Change in net ad revenues compared to prior year (nominal)	Newspapers	Magazines	Online
Germany	−1.7 %	0.7 %	12.7 %
Switzerland[1]	4.8 %	4.0 %	5.1 %
France[2]	−3.0 %	−3.0 %	9.5 %
Spain[2]	−11.6 %	−6.0 %	10.0 %
Hungary	1.2 %	−6.1 %	9.0 %
Poland[2]	−8.1 %	−6.1 %	15.4 %
Czech Republic[2]	−16.0 %	−7.0 %	16.4 %
Slovakia[1]	−2.3 %	−7.9 %	4.0 %
Serbia[1]	−7.0 %	−10.5 %	14.3 %
Russia	7.0 %	11.5 %	52.0 %
India[2]	12.5 %	15.0 %	29.9 %

Source: ZenithOptimedia, Advertising Expenditure Forecast (December) 2011.
[1] Gross advertising revenues (excluding classified ads of print media). Gross advertising revenues do not adequately reflect the actual development of advertising revenues.
[2] Excluding classified ads.

Significant events affecting Axel Springer's performance in 2011

In pursuit of our digitization strategy, we expanded the Group's digital portfolio significantly in 2011, mainly through the acquisition of **SeLoger** in early March 2011. Through this acquisition of the leading online real estate portal in France, we expanded our activities further in the segment of online classified ad markets and thus strengthened one of the three main pillars of our digitization strategy. Together with the management of SeLoger, we intend to pursue the continued successful development of this company. An important first step in the direction of internationalization was the acquisition of roughly 17.3 % of the equity of the iProperty Group (formerly IPGA), in June 2011. Based in Sydney, Australia, this company operates the leading network of real estate portals in southeast Asia. Another milestone was the acquisition of the French Internet portal for vacation properties, a-gites.com, in October 2011. Through the acquisition of this online provider of vacation homes and apartments, SeLoger further extended its market leadership position in the segment of online real estate portals in France.

Another important step taken to expand the Group's digital portfolio was the acquisition of a majority interest (74.9 %) in **kaufDA** (www.kaufda.de), in early March 2011. kaufDA offers retailers the chance to advertise their offerings on a location-sensitive basis via the mobile and stationary Internet, so that consumers can plan their shopping either from home or on the road. In December, kaufDA took its first internationalization step by launching the online platform BONIAL (www.bonial.fr) in France.

According to information provided by **Doğan Yayin Holding A.S.**, the tax proceedings involving Doğan TV Holding A.S. and three of its subsidiaries were almost completely settled in the first half of 2011, in exchange for installment payments totaling roughly TRY 1 billion (approximately € 0.4 billion). Based on a tax audit conducted in September 2009, the Turkish tax authorities had assessed various back taxes and other costs totaling TRY 3.9 billion (approximately € 1.7 billion), plus interest. A smaller court proceeding aimed at clarifying the legal issues related to sales taxes is still being pursued. Based on the information available today, these tax proceedings involving Doğan TV Holding and three of its subsidiaries will have no effects on Axel Springer AG. In consideration of the amicable settlement of the tax proceedings and the indemnification obligations assumed by Doğan Yayin Holding A.S., the latter has undertaken vis-à-vis Axel Springer to furnish an amount equal to € 64.7 million for the purpose of participating in a capital increase for Doğan TV Holding A.S. In return, Axel Springer promised to use these funds for participating in the capital increase. The capital increase was implemented in August 2011.

Axel Springer's joint venture with Ringier, **Ringier Axel Springer Media**, is active in the four eastern European countries of Poland, the Czech Republic, Slovakia, and Serbia. For regulatory reasons, the planned contribution of the Hungarian activities to the joint venture has been delayed due to regulatory reasons. The Hungarian parliament adopted a new media law at the beginning of 2011. By virtue of that law, the planned merger of the Hungarian activities of Ringier and Axel Springer was made additionally subject to a media-law review, which is procedurally integrated with the merger-law review. In mid-April 2011, the Media Council issued a negative recommendation, which is binding on the Cartel Office. Therefore, Axel Springer and Ringier withdrew their application for cartel-law approval in early May 2011. However, both companies still plan to merge their activities in Hungary. Axel Springer and Ringier will jointly decide whether to file a new application and if so, what form it will take.

In June, Europe's performance advertising network **zanox** purchased all the shares of the Dutch affiliate marketing network M4N, thereby securing a market leadership position in the Benelux countries. This acquisition represents another important step in realizing the growth strategy of the zanox Group. Local and international advertising customers stand to benefit from the wider reach of the combined network.

In early August 2011, aufeminin.com continued its international expansion by purchasing all the shares in **netmums.com**, the leading British website related to children and parenting. By means of this acquisition, aufeminin.com also advanced to the status of market leader in the segment of women's portals in Great Britain.

In September, Mondadori France and Axel Springer France jointly purchased 83.0 % of the French automotive classified-ad portal **AutoReflex.com**. This transaction was finalized in the fourth quarter of 2011. The acquisition was effected by a newly formed holding company, Editions Mondadori Axel Springer Digital (EMAS Digital), in which Axel Springer France and Mondadori France each hold a 50 % equity interest; AutoReflex.com is fully consolidated with Axel Springer. Axel Springer and Mondadori France have already been cooperating successfully in France for many years.

In mid-December 2011, Axel Springer purchased a majority interest (77.7 %) in **Visual Meta GmbH**. Founded in 2008, this German company operates shopping portals, such as ladenzeile.de, for example, in seven European countries, in which the product offerings of numerous online shops are consolidated on the basis of a visual product search.

Awards

Again in 2011 Axel Springer received numerous awards in recognition of the journalistic excellence and outstanding innovation performance of its publications. The national and international awards mentioned below represent only a selection of the total awards received.

Reporters and editors of BILD-Zeitung, the WELT Group, BERLINER MORGENPOST, and HAMBURGER ABENDBLATT received several important German journalism awards in 2011. The series entitled “Secret File Greece” by two BILD reporters received two awards: the highly coveted Herbert Quandt Media Award 2011 and the State Street Prize for Financial Journalists 2011.

As Europe’s leading newspaper competition, the European Newspaper Awards has been awarded since 1999 to honor outstanding concept and design. In the main category of regional newspapers, the international jury awarded the main prize of “European Newspaper of the Year” to BERLINER MORGENPOST. In addition, many other newspaper brands of Axel Springer – such as BILD am SONNTAG, HAMBURGER ABENDBLATT, and the newspapers of the WELT Group – were awarded prizes in various categories.

The website of bild.de, which was redesigned in 2011, received the media award “kress Award 2011.” The jury made its choice mainly on the basis of the website’s highly professional appearance, the clear structure of its organization, and its outstanding lifestyle and sports sections. And that was not the only website of Axel Springer AG to be honored in 2011. In the “Website of the Year 2011” elections, three of our websites – immonet.de, StepStone, and hamburg.de – were honored with the most important German audience-selected award for websites, the “People’s Choice Award.” More than 174 thousand users voted for the winners. And for the third year in a row, the online marketer zanox was voted the No. 1 among German affiliate networks and agencies. The winner was chosen on the basis of a survey conducted by the industry magazine iBusiness and the website 100partnerprogramme.de.

Distinctions were also awarded to Axel Springer’s international media. For example, the news magazine REFLEX, which is Axel Springer’s second-biggest magazine in the Czech Republic, was selected as “Magazine of the Year” by the Czech Publishers Association. REFLEX was chosen mainly for its accurate and courageous reporting and for its original and refreshing perspective on important social, cultural, and political topics, which REFLEX has demonstrated for two decades. And for the second year in a row, REFLEX won the “Czech Press Photo 2010” award, thereby retaining its title from the prior year. In Switzerland, the Zurich Journalist Award was awarded to journalists of BEOBACHTER for their article entitled “A Dark Chapter,” which illuminated the fate of victims of Swiss administrative justice in the early 1980s.

Performance of the company’s share price

Like other stocks, the share of Axel Springer AG was adversely impacted by the turmoil affecting the capital markets in 2011. At € 33.21, the share’s closing price on December 30, 2011 was about one fifth less than it had been at the beginning of the year (€ 40.67).

Comparison of actual business performance with the forecast business performance

Having generated EBITDA of € 593.4 million (+ 16.2 % over the prior year), Axel Springer met the earnings forecast issued in March 2011, of increasing the Group’s EBITDA by a percentage in the lower double-digit range.

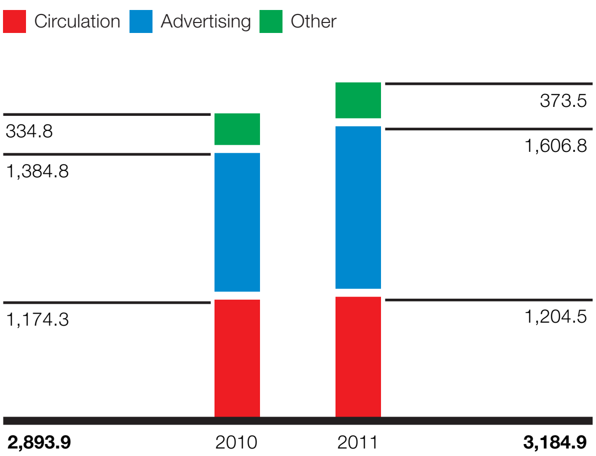
Financial performance, liquidity, and financial position

Financial performance of the Group

Axel Springer generated **revenues** of € 3,184.9 million in 2011, reflecting an increase of 10.1 % over the corresponding prior-year figure (PY: € 2,893.9 million), thanks mainly to the higher revenues generated in the Digital Media and Print International segments. Aside from continued strong organic growth in the Digital Media segment, consolidation effects, related in particular to the consolidation of SeLoger and Ringier Axel Springer Media, also contributed to the increase in revenues. Adjusted for these effects, Axel Springer's revenues were 3.9 % higher than the corresponding prior-year figure. Additionally adjusted for currency effects, total revenues were 3.7 % higher than the corresponding prior-year figure.

Revenues

€ millions

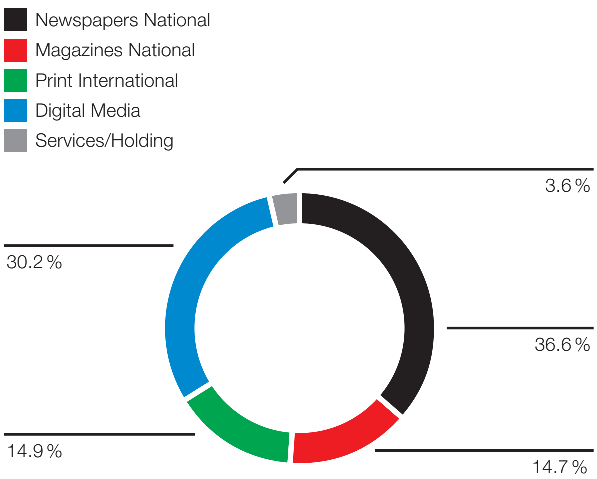


At € 1,204.5 million, **circulation revenues** were 2.6 % higher than the corresponding prior-year figure (PY: € 1,174.3 million) and accounted for 37.8 % (PY: 40.6 %) of the Group's total revenues. This increase resulted mainly from consolidation effects related to the joint venture Ringier Axel Springer Media in the Print International segment. The circulation revenues of the Group's German newspapers were on the level of the prior year and those of the Group's magazines were slightly lower than the corresponding prior-year figure.

The **advertising revenues** of € 1,606.8 million were 16.0 % higher than the prior-year figure (PY: € 1,384.8 million), mainly as a result of strong growth in the Digital Media segment. The advertising revenues of the Group's German newspapers and magazines were slightly lower than the respective prior-year figures. The advertising revenues generated in the Group's international print business were boosted by consolidation effects related to the joint venture Ringier Axel Springer Media in the first half of 2011. In total, advertising revenues accounted for 50.5 % (PY: 47.9 %) of the Group's total revenues.

At € 373.5 million, the **other revenues** were 11.6 % higher than the corresponding prior-year figure (PY: € 334.8 million) and accounted for 11.7 % (PY: 11.6 %) of total revenues. This increase was driven mainly by growth in the Digital Media segment, as well as consolidation effects related to the consolidation of Ringier Axel Springer Media.

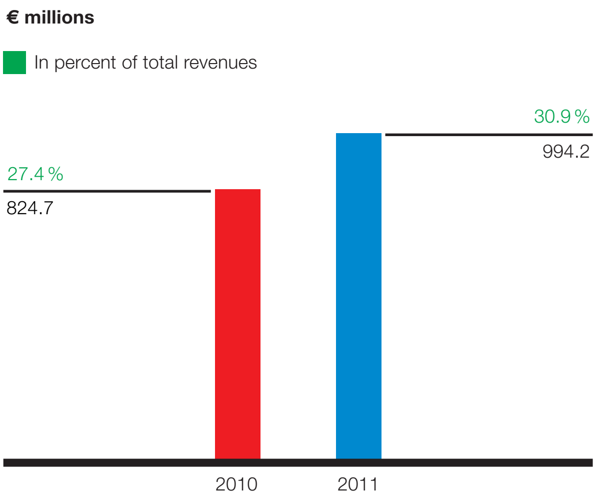
Segment Revenues 2011



A comparison of **segment revenues** shows the divergent development of Axel Springer's German print media, on the one hand, and international print media and its digital media, on the other. Whereas the German print media generated slightly lower revenues, the international print media and the digital business demonstrated considerable growth. In total, the revenues of Axel Springer's German newspapers declined by 2.4 % and those of magazines by 3.7 %. By contrast, the total revenues of the Print International segment rose by 18.1 %, due to consolidation effects, and the total revenues of the Digital Media segment jumped by 35.2 %, due to strong organic growth, additionally intensified by consolidation effects.

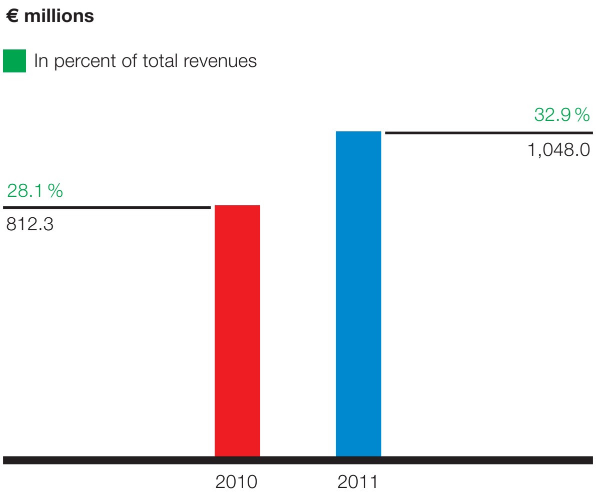
The **pro-forma revenues of the Digital Media segment** rose to € 994.2 million (PY: € 824.7 million), reflecting organic growth of 20.6 %. Thus, the percentage of total pro-forma revenues represented by the pro-forma revenues of the Digital Media segment rose from 27.4 % to 30.9 %. The pro-forma revenues include the companies acquired in 2010 and 2011 – primarily SeLoger, M4N, and Perfiliate (buy.at) – on the basis of unaudited financial information. The revenues of divisions and companies that were sold during this period were subtracted from the pro-forma revenues.

Digital Media Revenues (pro forma)



At € 1,048.0 million, **international revenues** were 29.0 % higher than the corresponding prior-year figure and accounted for 32.9 % (PY: 28.1 %) of Axel Springer's total revenues. This increase was driven both by the expanded print business in eastern Europe and by the international expansion of our digital activities.

International Revenues



The **total expenses** of € 2,830.0 million were 7.6 % higher than the corresponding prior-year figure (PY: € 2,630.9 million), mainly as a result of consolidation effects.

At € 1,055.7 million, **purchased goods and services** were 11.1 % higher than the corresponding prior-year figure (PY: € 950.6 million). This increase resulted mainly from consolidation effects in the Print International and Digital Media segments, as well as the organic growth of our digital activities. It also reflected the impact of higher prices for raw materials. However, the ratio of purchased goods and services to total revenues was nearly unchanged at 33.1 % (PY: 32.8 %).

The **personnel expenses** of € 851.6 million were 7.4 % higher than the corresponding prior-year figure (PY: € 792.9 million), mainly as a result of newly consolidated subsidiaries. The average workforce for the year was 11.4 % higher than the corresponding figure for the prior year.

At € 138.8 million, **depreciation, amortization, and impairments** were 22.3 % higher than the prior-year figure of € 113.5 million. This increase resulted in part from the heightened effects of purchase price allocations, but also from impairments of goodwill, in the amount of € 7.8 million, which were recognized in 2011.

The **other operating income** fell to € 73.3 million (PY: € 150.1 million). The prior-year figure contained the profit on the sale of StepStone's Solutions division, in the amount of € 73.7 million. At € 783.9 million, the **other operating expenses** were little changed from the prior-year figure (PY: € 773.9 million). The prior-year figure contained the losses incurred on the sale of significant activities of Axel Springer Financial Media, while the other operating expenses for 2011 reflected higher advertising expenses and the effects arising from the first-time consolidation of acquired companies.

The **net investment income** of € 9.5 million (PY: net investment expenses of € –8.2 million) resulted in part from ongoing investment income, but it also contained impairments of financial assets in the amount of € 9.6 million (PY: € 21.6 million). The operating net investment income contained in the Group's EBITDA amounted to € 19.1 million (PY: € 17.0 million).

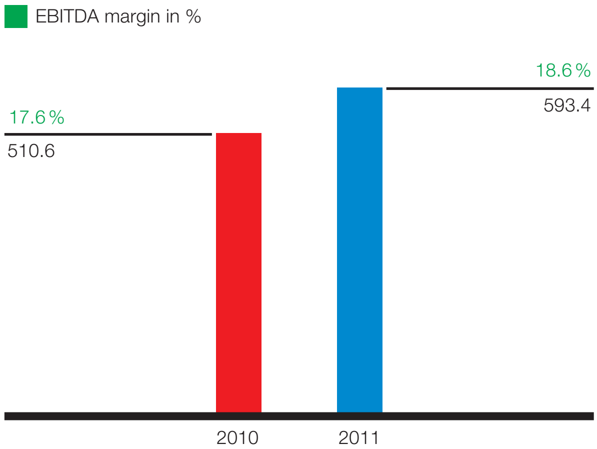
The **net financial expenses** amounted to € –23.1 million (PY: € –31.2 million). The higher interest expenses incurred on the drawdowns of credit facilities were more than offset by interest income on tax refund claims and the non-recurrence of accrued tax interest.

The **income taxes** for 2011 amounted to € –132.0 million (PY: € –103.6 million). Thus, the Group's tax rate came to 31.3 % (PY: 27.4 %). The effective tax rate in 2010 had been influenced by the fact that profits on the sale of company shares were largely exempt from taxes.

At € 593.4 million, the earnings before interest, taxes, depreciation, and amortization (**EBITDA**) were 16.2 % higher than the corresponding prior-year figure and represented a new record. Non-recurring factors such as the profits or losses on the sale of investments and purchase price allocation effects, for example, are not contained in EBITDA. The EBITDA margin of 18.6 % (PY: 17.6 %) impressively demonstrates the continued profitability of Axel Springer's business activities.

EBITDA

€ millions



The **consolidated net income** amounted to € 289.4 million (PY: € 274.1 million); adjusted for non-operating effects, it amounted to € 343.3 million (PY: € 283.2 million).

Consolidated Net Income

€ millions	**2011**	**2010**
Consolidated net income	**289.4**	**274.1**
Non-recurring effects[1]	12.2	–17.1
Effects of purchase price allocations	54.7	33.6
Taxes attributable to these effects	–13.1	–7.3
Consolidated net income, adjusted	343.3	283.2
Attributable to non-controlling interest, adjusted	44.3	27.4
Adjusted consolidated net income attributable to shareholders of Axel Springer AG	**299.0**	**255.8**

[1] The prior-year figure includes non-recurring effects and other non-operating effects.

The diluted **earnings per share** amounted to € 2.62 (PY: € 2.73). The adjusted diluted earnings per share attributable to shareholders of Axel Springer AG, which are calculated on the basis of the weighted average shares outstanding in 2011, amounted to € 3.03 (PY: € 2.60).

The adjusted consolidated net income and the adjusted diluted earnings per share are not defined under International Financial Reporting Standards and should therefore be regarded as supplementary information to the consolidated financial statements.

Business developments and financial performance of the segments

Newspapers National

With an average of 12.1 million readers, BILD successfully defended its position as Europe's widest-reach daily newspaper in 2011. (Unless otherwise noted, reach numbers for the German print titles are taken from ma 2012 Pressemedien I). In early May 2011, BILD raised the newsstand price of most its regional editions in western Germany and Berlin by € 0.10 to € 0.70. This price increase affected about half of BILD's total circulation. After generating considerable attention in 2010 with the publication of its first 3-D issue, Germany's highest-circulation and widest-reach daily newspaper published its first issue in XXL format in August 2011. The sheets comprising a surface area of eight DIN A4 sheets offered an especially attractive display space for advertising customers. In honor of German Unification Day on October 3, 2011, BILD also published a special edition to commemorate the 21st anniversary of German reunification.

Despite its lower circulation in 2011, BILD am SONNTAG extended its leading market position in the segment of German Sunday newspapers by increasing its reach by 2.0 % to a total 10.8 million readers. The newspaper raised the newsstand price from € 1.50 to € 1.70 in the middle of 2011. In February 2011, BILD am SONNTAG launched an advertising campaign modeled on BILD's successful "Confessor" campaign, featuring well-known celebrities expressing their opinions of the Sunday newspaper.

Circulation and Reach Newspapers National

Thousands	Circulation 2011[1]	Change yoy	Reach[2]	Change
Bild	2,841.1	−6.3 %	12,131.7	−3.0 %
Bild am Sonntag	1,478.8	−6.7 %	10,780.3	2.0 %
Die Welt/Welt Kompakt	252.0	−1.2 %	844.6	19.2 %
Welt am Sonntag/ Welt am Sonntag Kompakt[3]	411.1	-	1,113.3	−8.6 %
Hamburger Abendblatt	214.6	−5.1 %	692.6	−0.8 %
Berliner Morgenpost	124.8	−4.0 %	363.5	1.3 %
B.Z./B.Z. am Sonntag	165.4	−8.6 %	799.0	2.3 %

[1] Source: IVW, average paid circulation.
[2] Source: ma 2012 Pressemedien I, ma 2010 Pressemedien II.
[3] It is not possible to measure the change in circulation compared to the prior year due to different statistical populations.

In its 65th anniversary year, our premium newspaper DIE WELT, together with the tabloid version WELT KOMPAKT, exhibited the biggest reach increase of all national daily newspapers in 2011. In total, 134.1 thousand more readers were reached, reflecting an increase of 19.2 % over the prior-year figure. These newspapers were also successful in winning over younger readers. With an average age of 45.3, WELT and WELT KOMPAKT together have the youngest readers in their segment. WELT am SONNTAG, the market leader among premium Sunday newspapers, reached 1.1 million readers in 2011 and extended its lead over the competition, despite reach losses. Together with its compact version, which we introduced in five additional states of Germany, WELT am SONNTAG achieved a paid circulation of 411.1 thousand copies.

BERLINER MORGENPOST is the only subscription newspaper to have gained readers in the Berlin metropolitan area. As part of our coverage of the election campaign and elections for the Berlin parliament on September 18, 2011, we published an additional tabloid edition, BERLINER MORGENPOST KOMPAKT. HAMBURGER ABENDBLATT, the most-read daily newspaper in the greater Hamburg area, successfully defended its market leadership position in Hamburg and was again one of the most successful regional subscription newspapers in Germany.

With an average daily paid circulation of about 165.4 thousand copies, B.Z. held on to its position as Berlin's biggest newspaper and the widest-reach daily newspaper in the Berlin-Brandenburg circulation area. With the aim of reinforcing the loyalty of our readers, we introduced a lottery game in August 2011 developed exclusively for B.Z. By means of a distinct code printed on every copy of the newspaper published Monday through Saturday during the campaigns, buyers have the chance to win a cash prize every day. The Sunday version, B.Z. am SONNTAG, was similarly successful in 2011, having increased its reach in the Berlin-Brandenburg region by 47 thousand to 324 thousand readers. Contrary to the general market trend, the regional advertising business of B.Z. and its Sunday edition held up well in 2011.

Key Figures Newspapers National

€ millions	2011	**2010**	**Change**
External revenues	**1,164.9**	**1,194.2**	**–2.4 %**
Share in cons. revenues	36.6 %	41.3 %	
Circulation revenues	617.6	616.7	0.1 %
Advertising revenues	515.0	544.7	–5.5 %
Other revenues	32.4	32.8	–1.3 %
EBITDA	**282.7**	**296.0**	**–4.5 %**
EBITDA margin	24.3 %	24.8 %	

At € 1,164.9 million, the total revenues of the Newspapers National segment were 2.4 % less than the corresponding prior-year figure (PY: € 1,194.2). The circulation revenues of € 617.6 million were nearly unchanged from the prior year (PY: € 616.7 million), mainly due to the higher sales price charged for some of BILD's regional editions in the second quarter of 2011. At € 515.0 million, advertising revenues were 5.5 % less than the corresponding prior-year figure (PY: € 544.7 million). The decrease in advertising revenues was greater for newsstand newspapers than for regional newspapers; those of DIE WELT and WELT am SONNTAG were slightly higher.

At € 282.7 million, EBITDA of the Newspaper National segment was 4.5 % lower than the corresponding prior-year figure (PY: € 296.0 million). Aside from the lower revenues, higher paper costs also contributed to this decrease. As a countervailing effect, restructuring expenses were less than the corresponding prior-year figure. The EBITDA margin was 24.3 % (PY: 24.8 %).

Magazines National

Axel Springer's **TV program guides and women's magazines** exhibited a positive performance again in 2011. HÖRZU successfully defended its status as Germany's biggest weekly TV program guide. And with a market share of 24.2 %, it was still the market leader among higher-priced weekly TV program guides. Despite the negative market trend, TV DIGITAL achieved a significant circulation increase. Furthermore, Germany's first TV program guide for digital television in the higher-priced segment extended its reach by 351.6 thousand, bringing the total to more than four million readers for the first time. Thus, TV DIGITAL achieved the largest reach increase of any magazine in 2011, and was also the most successful magazine launch of the last ten years. In November 2011, we sharpened our focus on the large media brands HÖRZU, TV DIGITAL, and FUNK UHR by selling the biweekly TV program guide TV Guide.

In the segment of women's magazines, BILD der FRAU reached 6.3 million readers in 2011, thus reaffirming its market leadership position and its position as Germany's biggest German-language print medium for women.

Circulation and Reach Magazines National

Thousands	Circulation 2011[1]	Change yoy	Reach[2]	Change
Hörzu	1,339.8	−4.4 %	4,248.0	−3.0 %
TV Digital	1,820.8	6.1 %	4,364.5	8.8 %
Bild der Frau	946.1	−4.4 %	6,323.4	0.9 %
Auto Bild	569.3	−2.7 %	2,805.7	−4.5 %
Computer Bild	555.3	−9.5 %	4,313.7	−0.5 %
Sport Bild	433.8	−3.8 %	4,490.8	1.1 %

[1] Source: IVW, average paid circulation.
[2] Source: ma 2012 Pressemedien I.

Our market-leading **automotive, computer, and sports titles** successfully defended or even extended their dominant positions in the last 12 months.

With a market share of 56.7 % (based on paid circulation), AUTO BILD held on to its uncontested market leadership position in the segment of automotive magazines. AUTO BILD was also the market leader in terms of reach. Of its total average 2.8 million readers in 2011, 2.6 million were male, meaning that AUTO BILD reached 7.7 % of all German men. Among the specialty titles, AUTO TEST was particularly successful in 2011. The circulation of this buyer's guide from AUTO BILD rose by 3.2 %, thanks in part to the magazine's successful relaunch. Our other specialty titles showed positive developments as well. By reason of its great success, AUTO BILD KLASSIK has been published monthly since January 2011, causing its market share to rise by 9.1 % to 25.3 %. Furthermore, AUTO BILD ALLRAD and AUTO BILD SPORTSCARS extended their leading positions in their respective segments.

Amid a difficult market environment, COMPUTER BILD succeeded in keeping its reach stable, despite its lower circulation. In the fiercely contested market of computer game magazines, COMPUTER BILD SPIELE extended its reach leadership position by reaching 65.3 thousand more readers, bringing the total to 2.1 million.

Having achieved a slight increase in its market share (+ 0.5 %), SPORT BILD affirmed its dominant position among sports magazines. With a market share of 49.4 %, it is currently well ahead, by 6.8 %, of the next-biggest competitor. SPORT BILD also increased its reach in 2011. Furthermore, we expanded the editorial range of SPORT BILD by publishing various special issues on soccer, handball, and basketball.

Again in 2011, Axel Springer's **music magazines** successfully positioned themselves as exclusive and innovative partners to the international music scene. For example, we introduced the world's first ROLLING STONE app to the market in 2011. Our music magazines also achieved a milestone in the print business by publishing the first-ever single-topic, non-brand-dependent magazine ("Auf der Straße mit Westernhagen").

Key Figures Magazines National

€ millions	2011	2010	Change
External revenues	**468.1**	**486.1**	**−3.7 %**
Share in cons. revenues	14.7 %	16.8 %	
Circulation revenues	315.8	325.7	−3.0 %
Advertising revenues	128.4	134.1	−4.2 %
Other revenues	23.9	26.3	−9.3 %
EBITDA	**103.2**	**101.0**	**2.2 %**
EBITDA margin	22.0 %	20.8 %	

The revenues generated by the Magazines National segment in 2011 were 3.7 % lower than the prior-year figure. About half of this decline resulted from consolidation effects related to the sale of titles in the prior year. Adjusted for these effects, segment revenues were 1.8 % less than the corresponding prior-year figure. At € 315.8 million, circulation revenues were 3.0 % less than the prior-year figure; adjusted for consolidation effects, the decrease was only 1.1 %. On balance, the higher revenues generated by our automotive magazines, TV DIGITAL, and BILD der FRAU were not enough to offset the lower revenues of most other titles. Advertising revenues were also slightly lower, declining 4.2 % in real terms and 2.9 % after adjusting for consolidation effects. In this respect, only the Group's automotive, computer, and music magazines defied the general trend by generating higher advertising revenues.

The segment EBITDA of € 103.2 million was 2.2 % higher than the prior-year figure and marked a new all-time high. The decrease in revenues was more than offset by efficiency gains in nearly all areas. The EBITDA margin of 22.0 % was higher than the prior-year EBITDA margin (PY: 20.8 %) and likewise marked a new record.

Print International

Midway through 2010, we broadened our portfolio in eastern Europe considerably through the joint venture with Ringier AG. As a result of this merger, Ringier Axel Springer Media now holds the leading market positions in the segment of mass-circulation dailies in four countries of eastern Europe, namely Poland, the Czech Republic, Slovakia, and Serbia. (See page 48 for information on the status in Hungary.) The integration activities within the joint venture that commenced after the acquisition were successfully continued in 2011. As in other western European countries, such as France and Spain, for example, our cooperation in eastern Europe is characterized by the intensive sharing of knowledge and information among the countries.

Eastern European markets

Despite the deteriorating economic environment, Axel Springer successfully defended its market positions and introduced new products in **Hungary**. In the print segment, Axel Springer's newspapers in Hungary, and particularly its women's magazines, suffered an accelerated decline of their respective reach figures. Amid these adverse conditions, KISKEGYED's reach losses were far less than those of its competitors. It also strengthened its market position as the widest-reach weekly women's magazine in Hungary (863 thousand readers). And our style magazine GLAMOUR increased its market share considerably in terms of paid circulation. In the segment of Sunday newspapers, VASARNAP REGGEL extended its market leadership position by keeping its circulation stable. Axel Springer's automotive and cooking magazines were likewise successful in maintaining their circulation numbers. Market share losses were offset particularly by the magazine MINDMIGETTE RECEPTTAR, launched in May as a spin-off of the cooking magazine MINDMIGETTE, which was successfully introduced in 2010. Axel Springer's regional magazines also defended their market-leading positions.

Circulation and Reach Hungary (Selection)

Thousands	Circulation 2011[1]	Change yoy	Reach 2011[2]	Change yoy
Kiskegyed	196.9	−1.6 %	863.0	-
TVR-Hét	152.7	−7.3 %	577.0	-
Vasárnap Reggel	142.9	−2.3 %	632.0	-

[1] Source: Hungarian Audit Bureau of Circulations, average paid circulation.
[2] Source: Millward Brown-TNS- Q3/2010 to Q3/2011. Prior-year comparison is not possible, due to the changed measurement method.

In cooperation with its customer Dell, **Poland's** largest mass circulation daily FAKT was the first to implement the "People's Product" concept internationally in 2011. FAKT retained its status as Poland's largest newspaper, with an average circulation of 394.6 thousand copies and a reach of 3.9 million readers. It raised its copy price from PLN 1.40 to PLN 1.50 already in January 2011. In August 2011, the first edition of the automotive magazine TOP GEAR was launched under the direction of Ringier Axel Springer Poland, after the joint venture entered into a license agreement with the British Media Company BBC Magazines in June.

Circulation and Reach Poland (Selection)

Thousands	Circulation 2011[1]	Change yoy	Reach 2011[2]	Change yoy
Fakt	394.6	−9.8 %	3,925.0	−8.1 %
Newsweek	114.9	−4.1 %	2,705.0	−2.7 %
Auto Swiat	94.0	−7.1 %	2,163.0	−7.3 %

[1] Source: ZKDP, Newsweek and Auto Swiat: January to November 2011 vs. January to November 2010, average paid circulation.
[2] Source: PBC General, January to October 2011 vs. January to October 2010.

As the leading publishing house in the **Czech Republic**, Ringier Axel Springer Media expanded its portfolio further last year by publishing various additions to its high-circulation daily newspapers. We also established a total of five integrated newsrooms. BLESK and AHA! performed particularly well in 2011, jointly achieving a reach of 50.6 %, which is greater than the reach of all other daily newspapers combined. We also increased the copy price of both our daily newspapers in the Czech Republic, raising the price of BLESK from CZK 9.00 to CZK 10.00 and the price of AHA! from CZK 7.50 to CZK 8.50. The Sunday newspaper NEDELNI BLESK achieved the widest reach of all Czech weekly titles. We also maintained our market leadership positions in the segments of women's magazines and automotive magazines, and strengthened our position considerably in the market of crossword puzzle magazines.

Circulation and Reach Czech Republic (Selection)

Thousands	Circulation 2011[1]	Change yoy	Reach 2011[2]	Change yoy
Blesk	349.6	–9.2 %	1,404.0	–1.5 %
Nedelni Blesk	205.2	–8.6 %	790.0	7.9 %
Blesk pro Zeny	196.1	0.6 %	746.0	14.9 %

[1] Source: ABC CR, average paid circulation.
[2] Source: Media Project, GfK Prague, Q2 to Q3 2011 vs. Q2 to Q3 2010.

In **Slovakia**, the daily newspaper NOVY CAS celebrated its 20th anniversary by publishing an XXL issue in DIN A1 format, similar to the special edition published by the German BILD. NOVY CAS successfully defended its leading position in its segment by maintaining an average paid circulation of 136.3 thousand copies and a market share of 43.4 %. Amid a difficult economic environment, NOVY CAS PRE ZENY held on to its market-leading position among weekly women's magazines, with a paid circulation of 138.8 thousand and a market share of 27.2 %. We also opened our first integrated newsroom, where we now produce all the editorial content used by the NOVY CAS family of brands, both print and online. We also added a new title, AUTO BILD SLOVAKIA, to our Slovakian portfolio.

Circulation and Reach Slovakia (Selection)

Thousands	Circulation 2011[1]	Change yoy	Reach 2011[2]	Change yoy
Novy Cas Vikend	202.3	–3.3 %	556.4	–9.5 %
Novy Cas pre zeny	138.8	–15.2 %	335.7	–13.2 %
Novy Cas	136.3	–5.0 %	964.7	–5.9 %

[1] Source: ABC SR January to November 2011 vs. January to November 2010, average paid circulation.
[2] Source: MML-TGI, Median SK.

In **Serbia**, Ringier Axel Springer Serbia has been publishing the world's leading automotive magazine AUTO BILD since March 2011. Based on paid circulation, the magazine attained a leading position in its segment right from the start. Our mass-circulation dailies BLIC and ALO! stabilized their market leadership positions In 2011 as well, BLIC was the most-read newspaper in Serbia, with 907.4 thousand readers. And BLIC ZENA was also the largest women's magazine in that country. The mass-circulation daily ALO! increased both its circulation and its reach, again in 2011.

Circulation and Reach Serbia (Selection)

Thousands	Circulation 2011[1]	Change yoy	Reach 2011[2]	Change yoy
Blic Zena	180.0	–9.6 %	805.9	–6.8 %
Blic	134.3	–8.3 %	907.4	0.6 %
Alo!	114.6	1.1 %	474.5	3.9 %

[1] Source: ABC Serbia January to November 2011 vs. January to November 2010, average paid circulation.
[2] Source: Ipsos Strategic Marketing.

In **Russia**, the news magazine FORBES extended its reach leadership position further, increasing its reach by 2.7 % to 1.2 million readers. GALA BIOGRAFIA reached 836.9 thousand readers in 2011, reflecting an increase of 2.3 % over 2010. COMPUTER BILD increased its market share in its segment. GEO and GEO LENOK ("GEO for children") maintained their market shares and increased their paid circulation in 2011.

Circulation and Reach Russia (Selection)

Thousands	Circulation 2011[1]	Change yoy	Reach 2011[2]	Change yoy
Gala Biografia	165.7	0.7 %	836.9	2.3 %
Forbes	66.7	−13.4 %	1,159.8	2.7 %
Geo	52.4	-	1,008.5	−5.3 %

[1] Source: Company data; January to October 2011 vs. January to October 2010; average paid circulation.
[2] Source: TNS Gallup, May to October 2011 vs. May to October 2010.

Western European markets

HANDELSZEITUNG, the market-leading business magazine in **Switzerland**, celebrated its 150th anniversary in May by publishing an 80-page special anniversary edition. And our environmental protection and nature magazine BEOBACHTER NATUR, which was launched only in 2010, continued on a successful course in 2011, generating significantly higher advertising revenues in its second year and reaching a total of 406.0 thousand readers, based on the first official reach measurement. The business magazine PME MAGAZINE also reached more readers in 2011 (+ 11.1 %).

Circulation and Reach Switzerland (Selection)

Thousands	Circulation 2011[1]	Change yoy	Reach 2011[2]	Change yoy
Beobachter	301.2	−1.7 %	990.0	3.1 %
Tele	145.9	0.6 %	531.0	−0.6 %
Handelszeitung	36.3	−11.0 %	131.0	−2.2 %

[1] Source: WEMF: Auflagebulletin July 2010 to June 2011 vs. July 2009 to June 2010, average paid circulation.
[2] Source: WEMF: MACH Basic April 2010 to March 2011 vs. April 2009 to March 2010.

Having been successfully introduced in **France** at the end of 2010, MARMITON – the print version of the market-leading cooking website marmiton.org, which belongs to the portfolio of our subsidiary aufeminin.com – is now published regularly every three months. And our biweekly cooking magazine VIE PRATIQUE GOURMAND maintained its market leadership position, based on paid circulation. We also expanded our line-up of cooking magazines by launching the bimonthly magazine PAPILLES. Our three major automotive titles in France, AUTO PLUS, AUTO JOURNAL, and SPORT AUTO, which are published by the joint venture Editions Mondadori Axel Springer (EMAS), also maintained their strong market positions.

Circulation France (Selection)[1]

Thousands	Circulation 2011[2]	Change yoy
Tele Magazine	310.2	−8.0 %
Auto Plus[3]	300.7	3.9 %
Vie Pratique Gourmand	193.5	−2.0 %

[1] Reach figures are not available, due to the conversion of the measurement method.
[2] Source: OJD, July 2010 to June 2011 vs. July 2009 to June 2010, average paid circulation.
[3] EMAS: Joint venture with Mondadori.

Through international collaboration, we were also successful in creating a print title from a website in **Spain**, modeled on the successful French cooking magazine MARMITON. To commemorate its 10th anniversary, enfemenino.com published a collection of women's magazines, including COCINA GOURMET FOR enFeMININO, the content of which was adapted from the French MARMITON. Amid a persistently difficult economic environment, our Spanish publications performed in line with the general market trend in 2011, but they nonetheless asserted their market-leading positions in the segments of weekly automotive, computer, and video game magazines. Our new magazine iCREATE, featuring content related to Macs, iPhones, apps, and other Apple products, performed very well in 2011.

Circulation and Reach Spain (Selection)

Thousands	Circulation 2011[1]	Change yoy	Reach 2011[2]	Change yoy
Hobby Consolas	53.3	−7.5 %	280.0	−15.7 %
Computer Hoy	50.9	−17.2 %	315.0	−3.1 %
Auto Bild	27.5	−15.5 %	109.0	−14.2 %

[1] Source: OJD, April 2010 to March 2011 vs. April 2009 to March 2010, average paid circulation.
[2] Source: AIMC EGM February to November 2011 vs. February to November 2010.

Key Figures Print International

€ millions	2011	2010	Change
External revenues	**473.5**	**400.9**	**18.1 %**
Share in cons. revenues	14.9 %	13.9 %	
Circulation revenues	271.0	231.9	16.9 %
Advertising revenues	172.3	147.0	17.2 %
Other revenues	30.2	22.1	37.0 %
EBITDA	**73.8**	**61.5**	**20.0 %**
EBITDA margin	15.6 %	15.3 %	

The revenues of the Print International segment exhibited a mixed development over the course of the year. In the first half, revenues were favorably influenced above all by the initial consolidation of the companies contributed by Ringier to the joint venture Ringier Axel Springer Media, effective July 1, 2010. In the second half, revenues were affected mainly by the appreciably worsening economic conditions in the countries of eastern Europe.

At € 473.5 million, the external revenues of the Print International segment were 18.1 % higher than the corresponding prior-year figure, mainly due to the revenue contribution of the Ringier companies. Adjusted for consolidation effects, segment revenues were slightly less (–2.6 %), and adjusted additionally for currency effects, they were 4.2 % less than the respective prior-year figures.

The circulation revenues of € 271.0 million were 16.9 % higher than the prior-year figure, mainly as a result of the newly acquired newspapers and magazines in the Czech Republic, Serbia, and Slovakia in 2010, but also due to higher circulation revenues in Switzerland. Adjusted for consolidation effects, circulation revenues were slightly less (–2.1 %), and additionally adjusted for currency effects, they were 4.0 % less than the respective prior-year figures. At € 172.3 million, advertising revenues were 17.2 % higher than the prior-year figure, mainly due to the newly consolidated Ringier companies. Adjusted for consolidation effects, advertising revenues were 4.4 % less, and additionally adjusted for currency effects, they were 6.0 % less than the respective prior-year figures. Although slightly higher in Switzerland and Russia, advertising revenues were lower in the other countries.

Segment EBITDA rose from € 61.5 million in 2010 to € 73.8 million in 2011. The EBITDA margin improved slightly from 15.3 % to 15.6 %.

Digital Media

Content portals

The online portals of our German print publications performed very well again in 2011. Bild.de extended its leading position as Germany's biggest news and entertainment portal. In July, Bild Digital introduced a new portal, stylebook.de, which is designed to tap a new target group. Only shortly after its launch, this online magazine devoted to stars, fashion, and beauty attracted more than 3.6 million visits and has since become one of the ten most successful German women's portals. We also successfully intensified our social media activities in 2011. The strong interest shown in Axel Springer's media in the social networks is impressively demonstrated by the fact that Bild.de has 500 thousand friends and transfermarkt.de has 300 thousand friends on Facebook.

BILD's mobile portal Bild.de Mobile which draws an average of more than 29.4 million visits per month, is the biggest German information portal for mobile devices. Bild.de Mobile introduced the BILD "mini-phone" to the market in December 2011. This mobile telephone, smaller than a credit card and limited to the basic functions of telephone calls and SMS, can be purchased along with a BILDmobil SIM card.

WELT ONLINE, the news portal of the WELT Group, continued on a course of growth by extending its visits significantly over the prior-year number, once again. For the full year, the total number of visits to this portal was up 23.2 %, underscoring WELT ONLINE's position as the leading news portal among German premium newspapers. The regional portals HAMBURGER ABENDBLATT and BERLINER MORGENPOST also registered higher visitor numbers compared to the prior year.

Traffic Figures Content Portals (Selection)

Millions (monthly average)	Unique Visitors 2011[1]	Change yoy	Visits 2011[2]	Change yoy
aufeminin.com	31.2	13.8 %	82.9[3]	8.2 %
Bild.de	9.8	0.5 %	172.3	18.2 %
computerbild.de[4]	8.3	-	34.6	-
welt.de	4.6	–2.9 %	36.0	23.2 %
azet.sk	2.4	55.3 %	41.5[5]	–16.0 %
onmeda.de	2.0	21.3 %	3.9	14.7 %
transfermarkt.de	1.9	10.5 %	22.0	17.0 %
fakt.pl	1.7	20.9 %	7.1[6]	28.6 %
abendblatt.de	1.6	14.9 %	9.6	38.0 %
autobild.de	1.5	8.2 %	6.9	23.3 %
blesk.cz	1.4	49.6 %	13.4[7]	20.0 %
forbes.ru	1.2	-	4.0[8]	49.6 %
cas.sk	1.1	> 100 %	9.4[5]	37.7 %

1) Source: comScore.
2) Source: IVW.
3) Source: company data.
4) Including idealo.de since June 2011.
5) Source: AIM.
6) Source: Gemius Traffic.
7) Source: NetMonitor.
8) Source: XiTi Traffic Sources.

Autobild.de successfully maintained its leadership position in the segment of automotive websites featuring editorial content. It also introduced a new feature, the “AUTO BILD TESTER,” which, in combination with motortalk.de, enables users to publish and comment on their own test drives.

Our sports website transfermarkt.de also increased its visitor numbers. Having added 179.0 thousand users, it boasted 1.9 million unique visitors in 2011, 10.5 % more than in the prior year, which had been especially favored by the positive impact of the Soccer World Cup.

The content portals of our international print media also exhibited a positive development in 2011. The websites of Ringier Axel Springer Poland attracted 19.9 % more unique visitors in 2011 than in 2010 (Gemius Traffic). And fact.pl was only one of our content portals to increase its reach substantially in 2011. In Slovakia, we continued to integrate the online portal azet.sk, in which Axel Springer had acquired a majority interest in 2010. Among other steps, the Development and Advertising Sales departments of azet.sk and Ringier Axel Springer Slovakia were consolidated in 2011.

As the clear market leader among women’s portals in France and other European countries, as well as in Great Britain, following the acquisition of netmums.com, aufeminin.com also generated substantial organic growth in 2011. With an annualized average of 31.2 million unique visitors per month, the overall network attracted more users than ever before, thanks in part to a substantial increase in visitors to marmiton.org and the Spanish website enfemenino.com. French users confirmed the success of marmiton.org by voting it the best-loved cooking website in France. The international expansion of aufeminin.com was furthered by the acquisition of netmums.com and the launch of aufeminin.com in Tunisia.

Thanks to the introduction of an integrated newsroom for online and print content in Spain, autobild.es doubled its traffic and page views in 2011.

gamigo.de, one of the leading European providers of online games, expanded both its portfolio of games and its base of players in 2011. The international versions of its games also exhibited a positive development.

Smarthouse Media, a Europe-wide provider of complex, web-based financial applications for banks, online brokers, and other financial service providers, opened a development office in Berlin, as part of its expansion plans. It also established a new sales presence in the financial center of London, in order to better serve its clients there. Following the spin-off from Smarthouse Media, the portal finanzen.net continued its positive development as a separate company and extended its position as the market leader in the financial portals segment, both in terms of reach and IVW visits. Having been launched in Switzerland in January 2012, finanzen.ch features real-time stock market news and securities data tailored specifically to the Swiss market, along with editorial analyses and background reports, in cooperation with our investor magazine STOCKS.

The **apps** of our German print products, which are designed for iPhones, iPads, and other mobile devices, continued to perform very well in 2011. Axel Springer now offers more than 35 paid apps for smartphones and 24 tablet apps. Besides expanding the range of mobile apps for Apple products, we also introduced apps for other smartphone operating systems, including Android apps for BILD, immonet.de, idealo.de, and autoplus.fr. Furthermore, the WELT Group introduced new apps for the Kindle, the electronic reading device from Amazon, and for Android tablets. Again in 2011, the iPad apps for BILD and WELT were among the best-selling products in the German Apple App Store.

In December 2011, the iKiosk app, which features a wide range of content from Axel Springer's newspapers and magazines, came out with a new, expanded version, including content from other publishers. You will find additional information on this subject in the "Research and Development" section on page 44. The iKiosk app is now also available in Switzerland, where users can access the online issues of the Group's Swiss titles, as well as other Axel Springer media brands, such as BILD, BILD am SONNTAG, and DIE WELT, for example.

Also in our international markets, we further expanded our range of apps for smartphones and tablet computers. In the Czech Republic, for example, the website sleviste.cz, which features up-to-date local discount offerings, is now available as an iPhone app. In Slovakia, Ringier Axel Springer rose to the status of market leader in the news segment by introducing three apps for the iPhone and iPad. Furthermore, the app for the Slovakian daily newspaper NOVY CAS remained on the top-ten list in the Apple App Store for a full seven months after being introduced. The Russian business magazine FORBES has also been available as an iPhone app since 2011. In Switzerland, BEOBACHTER and BEOBACHTER NATUR have been offered in the form of e-magazines for the iPad and iPhone since January 2011. In Spain, we now offer three apps in the Apple App Store, including a recipe app modeled after the successful French app for igourmand.fr.

Online marketplaces

Our online marketplaces continued to perform very well in 2011.

SeLoger increased its reach further in 2011, both on the stationary Internet and in mobile apps. It also introduced innovative new products for users and customers, including a do-it-yourself campaign management tool, which real estate agents can use to design their own campaign and place it on seloger.com. It also broadened its range of mobile apps by introducing versions for the Microsoft Windows Phone operating system. And SeLoger's subsidiary Poliris, in which SeLoger's service and software activities are bundled, including the web agency and France's leading real estate software Pericles got off to a promising start in 2011. Furthermore, SeLoger made its first step in the direction of internationalization by acquiring the vacation homes portal a-gites.com in France and by purchasing shares in the iProperty Group (see page 47).

immonet.de continued the growth program it had launched in the German real estate market at the beginning of the year by starting another print campaign in May. Thanks to the cooperation with eBay, visitors to that online marketplace have been able to directly access immonet.de's residential listings since 2011, which has extended the reach of the real estate portal. Furthermore, immonet.de broadened its offering further by launching ImmonetManager, a mobile brokerage software program for administering property data, inquiries, appointments, and contacts; it is also available as an app.

Benefiting from the positive market environment, StepStone – the most-visited German online jobs exchange according to IVW's ranking – continued on a course of strong growth by increasing its volume of job listings substantially. Following the successful acquisition of the technology company Jobanova at the beginning of 2011, the integration has proceeded so well that StepMatch, the new search algorithm based on Jobanova's technology, has since been introduced in the Netherlands and Norway, after first being introduced in Germany and France.

As the widest-reach portal for product searches and price comparisons in Germany, idealo.de increased the number of referred search queries by 42.8 % over the corresponding prior-year figure. Moreover, idealo.de benefited considerably from the changes made to the search algorithm of Google's search engine, both in absolute terms and in relation to its competitors, thereby reaffirming the impressive quality and strong market position of idealo.de. In addition, the price comparison platform also intensified and expanded its strategic partnership with computerbild.de, so as to mesh the product knowledge of both websites even more effectively.

Marketing

In 2011, we further extended the Group's leading Europe-wide position in the business of performance-based online marketing, which is at the heart of our third area of core expertise.

The zanox Group (including the affiliate networks Digital Window and buy.at), Europe's leading network for performance-based marketing, in which Axel Springer owns a majority interest, generated organic growth and made new acquisitions in 2011. Besides opening a total of four new locations outside Germany, zanox acquired the Dutch affiliate marketing network M4N, thereby attaining the leading market position in the Benelux countries (see page 48). As a result of the company's growing internationalization, zanox currently operates 13 locations around the world. In December 2011, moreover, it launched the new "zanox marketplace." As the first European marketplace for performance advertising, it is a completely new kind of platform that customers can use for performance-based online advertising on the national and international levels.

kaufDA, the provider of online brochures and local shopping offers with information on roughly 200 thousand retail stores, further extended its reach leadership position in 2011. Furthermore, the digital brochures of kaufDA's customers in the respective areas can now be downloaded directly from morgenpost.de and abendblatt.de. Thus, the current regional shopping offers presented in the kaufDA network reach a total of roughly 12 million users per month. Also in 2011, kaufDA introduced a new product to the market, the mobile shopping guide "kaufDA Navigator" for Windows and Nokia smartphones. And the consumer information portal took its first step in the direction of internationalization in 2011 by launching the new online platform BONIAL in France.

TV/radio activities

In collaboration with Talpa Distribution BV, with which Axel Springer closely operates, Axel Springer's TV production company Schwartzkopff TV produced the hit prime-time music casting show "The Voice of Germany," which earned top ratings on ProSieben and Sat.1. The radio market experienced moderate growth in 2011, despite the subdued development in the fourth quarter. Amid this environment, the radio stations in which Axel Springer holds investments performed well in 2011.

Key Figures Digital Media

€ millions	2011	2010	Change
External revenues	**962.1**	**711.8**	**35.2 %**
Share in cons. revenues	30.2 %	24.6 %	
Advertising revenues	791.2	559.0	41.5 %
Other revenues	170.9	152.9	11.8 %
EBITDA	**158.1**	**85.8**	**84.2 %**
EBITDA margin	16.4 %	12.1 %	

At € 962.1 million, the total revenues of the Digital Media segment were considerably higher, by 35.2 %, than the corresponding prior-year figure. The advertising revenues of € 791.2 million rose by an even larger percentage of 41.5 %. This increase was driven both by strong organic growth, particularly at StepStone, zanox, and idealo, and by consolidation effects associated mainly with SeLoger, M4N, buy.at, and the digital activities of Ringier Axel Springer Media. At € 170.9 million, the other revenues were 11.8 % higher than the corresponding prior-year figure.

The pro-forma revenues of the Digital Media segment amounted to € 994.2 million (PY: € 824.7 million), reflecting organic growth of 20.6 %. Thus, the percentage of total pro-forma revenues represented by pro-forma digital media revenues rose from 27.4 % to 30.9 %.

At € 158.1 million, segment EBITDA was 84.2 % higher than the prior-year figure. That increase was far higher than the growth of revenues. Adjusted for consolidation effects, it was 33.5 % higher than the corresponding prior-year figure. This substantial increase was driven by higher earnings in all three core areas of expertise: online marketplaces, content portals, and performance-based marketing. The EBITDA margin also showed a significant increase, from 12.1 % to 16.4 %.

Services/Holding

The Services/Holding segment comprises the Group's three own newspaper printing plants in Germany, as well as the internal department of Logistics and various other service and holding company functions.

Key Figures Services/Holding

€ millions	2011	2010	Change
External revenues	**116.2**	**100.8**	**15.3 %**
Share in cons. revenues	3.6 %	3.5 %	
EBITDA	**–24.4**	**–33.7**	**-**

At € 116.2 million, the external revenues of the Services/Holding segment were higher than the prior-year figure of € 100.8 million. The increase was driven by higher revenues from services and the Group's printing plants.

Segment EBITDA improved from € –33.7 million in 2010 to € –24.4 million in 2011, due in particular to the lower expenses associated with share-based compensation.

Liquidity

Financial management

As a general rule, Axel Springer AG provides all financing for the Axel Springer Group. This arrangement ensures that the Group companies have sufficient liquidity at all times. The overriding goal of financial management is to provide cost-effective liquidity by means of maturity-matched financing. Also, we seek to earn an appropriate return by investing surplus cash.

Net Liquidity/Debt

€ millions	2011	2010
Cash and cash equivalents	244.0	435.9
Financial liabilities	716.9	356.2
Net liquidity/debt	**–472.8**	**79.6**

At December 31, 2011, Axel Springer carried a net debt of € 472.8 million (PY: net liquidity of € 79.6 million). The € 191.9 million decrease in cash and cash equivalents and the € 360.6 million increase in financial liabilities resulted mainly from the acquisitions of SeLoger and other subsidiaries, which were completed in 2011.

Axel Springer has access to various credit facilities, including a credit line in the total amount of € 1.5 billion, which can be used both for general business purposes and for financing acquisitions. Of this credit line, an amount of up to € 0.5 billion will fall due in 2012 and an amount of up to € 1.0 billion in 2013, depending on the drawdowns to be effected in the meantime; an amount of € 635 million was drawn down under this credit line at December 31, 2011. The total amount of available, unutilized short-term and long-term credit facilities at December 31, 2011 was € 885.0 million (December 31, 2010: € 1,245.0 million).

Cash flows and capital expenditures

Consolidated Cash Flow Statement (Condensed)

€ millions	2011	2010
Cash flow from continuing operations	405.9	358.1
Cash flow from investing activities	–701.2	–200.6
Cash flow from financing activities	109.1	76.1
Change in cash and cash equivalents	–186.2	233.6
Cash and cash equivalents at December 31	244.0	435.9

The cash flow from operating activities rose to € 405.9 million (PY: € 358.1 million), mainly as a result of the improved operating performance. Tax payments pertaining to prior years were the main reason why this increase was not as great as the increase in EBITDA.

The cash flow from investing activities amounted to € –701.2 million (PY: € –200.6 million). This development resulted mainly from the payments made in connection with the acquisition of SeLoger and other subsidiaries. These cash outflows were partially offset by cash receipts of the first installment payments on the partially deferred purchase price for the regional newspaper investments that were sold in 2009. The prior-year cash flow from investing activities was mainly influenced by payments for the formation of the joint venture Ringier Axel Springer Media and the acquisition of shares representing approximately 12.4 % of the equity of SeLoger. These cash outflows were partially offset by cash receipts from the sale of StepStone's Solutions Division and other investments.

The cash flow from financing activities amounted to € 109.1 million (PY: € 76.1 million). Further drawdowns were made on the credit facility in connection with the acquisition of SeLoger and other companies in 2011. The cash inflow was reduced by the dividend payment for financial year 2010, and also by the payment of cash funds to the pension fund Axel Springer Pensionstreuhand e. V. in the amount of € 25.0 million, which was formed in 2011 to cover the company's pension obligations. The prior-year figure had been influenced by cash inflows from the sale of treasury shares (€ 261.9 million), and particularly by the placement of treasury shares that was effected in September 2010, which more than offset the amounts applied to reduce financial liabilities and pay the dividend.

The net balance of cash flows from operating activities, investing activities and financing activities was € – 186.2 million (PY: € 233.6 million). At December 31, 2011, cash and cash equivalents (cash and term deposits and securities maturing in the near future) amounted to € 244.0 million (PY: € 435.9 million).

Financial position

Consolidated Balance Sheet (Condensed)

€ millions	12/31/2011	12/31/2010
Non-current assets	3,308.9	2,569.7
Current assets	878.5	1,033.5
Assets	**4,187.5**	**3,603.2**
Equity	1,930.8	1,772.6
Non-current liabilities	1,382.8	1,003.5
Current liabilities	873.9	827.2
Equity and liabilities	**4,187.5**	**3,603.2**

At € 4,187.5 million, the total assets presented in the consolidated statement of financial position at December 31, 2011 were higher than the corresponding figure at December 31, 2010 (€ 3,603.2 million) by € 584.2 million or 16.2 %. The development in 2011 was particularly influenced by the acquisition of SeLoger in early March 2011 and by other acquisitions in the Digital Media segment. In connection with the provisional allocation of the purchase price paid for SeLoger (€ 624.8 million), intangible assets (including goodwill) were recognized in the total amount of € 698.1 million.

The carrying amount of the 12.4 % investment in SeLoger that had been purchased in 2010 (€ 72.5 million) and presented in the consolidated statement of financial position at December 31, 2010 as a non-current financial asset was derecognized in connection with the initial consolidation of that company. The item of non-current financial assets also includes the 17.3 % investment in iProperty.com that was purchased in 2011.

The € 25.8 million decrease in non-current other assets resulted mainly from the receipt of the first two installment payments for the sale of regional newspaper investments.

At € 442.4 million, trade receivables were higher than the corresponding prior-year figure by € 56.5 million or 14.6 %. This increase resulted mainly from the initial consolidation of companies acquired in 2011 and from the greater volume of operating business, particularly in the Digital Media segment.

At € 1,930.8 million, the Group's equity was € 158.1 million (8.9 %) higher than the corresponding figure at December 31, 2010, despite the payment of a dividend for financial year 2010 in the amount of € 157.3 million. The increase in the Group's equity resulted primarily from the consolidated net income and from the higher amount of equity held by non-controlling interests. The equity ratio fell to 46.1 % (PY: 49.2 %), mainly due to a higher amount of drawdowns under the credit facility.

The non-current provisions and liabilities of € 1,382.8 million were higher than the corresponding prior-year figure (December 31, 2010: € 1,003.5 million), mainly due to the incurrence of financial liabilities and the recognition of deferred tax liabilities and contingent purchase price liabilities related to company acquisitions. The increase was partially offset by the decrease in pension provisions, which resulted from the adjustment of the discount factor from 4.6 % to 5.0 %, and by the contribution of cash to the newly formed Axel Springer Pensionstreuhand e.V., for the purpose of financing the company's pension obligations.

The current provisions and liabilities of € 873.9 million were higher than the corresponding prior-year figure (December 31, 2010: € 827.2 million). Among the most important developments, other liabilities increased by € 30.4 million and other provisions decreased by € 6.7 million. These developments were caused in part by the first-time consolidation of acquired companies, but also largely by the utilization of restructuring provisions. Current income tax liabilities were € 18.9 million less than the corresponding prior-year figure, mainly as a result of tax payments made in respect of prior years. Furthermore, an amount of € 40.2 million that had formerly been classified as non-current loan liabilities was reclassified as current, because it will be due and payable next year.

Employees

Excluding vocational trainees, journalism students, and interns, Axel Springer had an average of 12,885 (PY: 11,563) employees in 2011. The 11.4 % increase of the prior year resulted mainly from the newly consolidated companies. An average number of 4,459 employees (PY: 3,990), corresponding to 34.6 % (PY: 34.5 %) of the Group's total workforce, were employed outside of Germany. On average, Axel Springer employed 5,505 women and 7,380 men. The number of reporters and editors rose by 231 to 3,685 in 2011. The number of salaried employees rose by 973 to 8,217 – mainly due to the expansion and acquisition of investments in the Digital Media and Print International segments.

Employees by Segments

Average number per year	2011	2010	Change
Newspapers National	2,600	2,613	–0.5 %
Magazines National	978	1,041	–6.1 %
Print International	3,587	3,054	17.5 %
Digital Media	3,029	2,426	24.9 %
Services/Holding	2,691	2,429	10.8 %
Group	**12,885**	**11,563**	**11.4 %**

The total number of employees working in the Newspapers National and Magazines National segments was lower than the corresponding prior-year figure, partially due to the fact that various German magazine titles were sold in 2010. The substantial increase in the number of employees working in the international print business and in the digital media area can be attributed in part to the consolidation of the Ringier companies in connection with the formation of Ringier Axel Springer Media from mid-2010, and to the consolidation of SeLoger in March 2011. The higher number of employees working in the Services/Holding segment compared to the prior year resulted from the first-time consolidation of food service and event organization activities.

Length of service and age structure

As of December 31, 2011, the average employee of Axel Springer's German subsidiaries has been with the company for 11.5 (PY: 12.2) years; 52.0 % (PY: 54.0 %) of the workforce has been with Axel Springer Group for longer than ten years. More than half of all employees are between the ages of 30 and 49. In the German companies, 3.7 % (PY: 3.8 %) of the average workforce during the year were gravely handicapped persons.

General assessment of the economic situation by the company's management

Axel Springer was very successful in 2011, having generated record EBITDA and increased its revenues by 10.1 %. We continued to pursue our business strategy with disciplined resolve, making great progress particularly in the area of digitization, both through organic growth and through acquisitions, especially SeLoger. The EBITDA margin of 18.6 % impressively demonstrates the profitable configuration of our Group.

Considering that the Group's cash flow in 2011 was higher than the strong prior-year figure, as well as the company's extremely solid balance sheet structure and the cost-effective financing options available to the company, Axel Springer finds itself in a very good position to achieve future growth, both organically and through acquisitions.

We continue to believe that the strategy of securing and expanding our market leadership position in the German-speaking world, accompanied by the internationalization and especially the digitization of our business, is the right way to preserve and, whenever possible, extend the company's profitability in the future, and take advantage of opportunities arising from changing conditions in our markets.

Economic position of Axel Springer AG

€ millions	2011	2010	2009	2008	2007
Revenues	1,551.2	1,576.6	1,588.3	1,673.3	1,669.1
Net income	260.2	161.3	323.1	196.4	147.8
Transfer to retained earnings[1)]	92.6	4.0	165.4	103.6	25.3
Total dividends[1)]	167.6	157.3	131.2	130.6	122.4
Dividend per share (in €)[1) 2)]	1.70	1.60	1.47	1.47	1.33

1) The amount of the dividend for 2011 and the appropriation to the retained earnings (after deduction of an advance appropriation of € 92.0 million) are subject to the condition of approval by the annual shareholders' meeting.
2) The dividend per share for the years 2007 to 2010 were adjusted to account for the share split conducted in 2011.

Introductory remarks

The management report of the parent company Axel Springer AG, Berlin, is combined with the management report of the Axel Springer Group. The following statements are based on the separate financial statements of Axel Springer AG, which were prepared in accordance with the regulations of the German Commercial Code and the German Stock Corporations Act. The separate financial statements of Axel Springer AG and the present management report will be announced in the Electronic Federal Gazette and published on the website of Axel Springer AG.

Business activity

Axel Springer AG 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 major print publications, such as the titles of the BILD Group and WELT Group, HAMBURGER ABENDBLATT, TV DIGITAL, and HÖRZU, as well as other newspaper and magazine titles, are editorially produced and distributed by Axel Springer AG. The newspapers are printed by the company's own printing plants in Ahrensburg, Berlin, and Essen, and by outside printing companies.

In addition, Axel Springer AG maintains extensive supplier and service relationships with subsidiaries and other related parties. Purchased services mainly include printing services, administrative services, property management, direct marketing, editorial services, circulation, and insurance services. Services rendered include the supply of published products and paper and the provision of general administrative and IT services.

As a general rule, Axel Springer AG provides financing to the Group companies, as part of its Group-wide liquidity management program. Profit/loss transfer agreements are in effect with a number of German Group companies.

Financial performance

Income Statement (Condensed)

€ millions	2011	2010
Revenues	1,551.2	1,576.6
Other operating income	123.9	140.0
Purchased goods and services	–411.5	–408.6
Personnel expenses	–424.6	–433.3
Amortization, depreciation and impairments of intangible assets and property, plant and equipment	–33.3	–35.1
Other operating expenses	–516.8	–550.8
Net income from non-current financial assets	96.2	6.2
Net interest income	–26.2	–23.4
Profit from ordinary activities	**358.9**	**271.6**
Taxes	–98.7	–110.3
Net income	**260.2**	**161.3**
Transfer to retained earnings	–92.0	–3.0
Distributable profit	**168.2**	**158.3**

Axel Springer generated slightly lower revenues in 2011 than in 2010. The advertising revenues of € 552.0 million were 3.8 % less than the corresponding prior-year figure, while the circulation revenues of € 863.4 million were only 0.8 % less and therefore very close to the level of the prior-year figure. At € 135.7 million, the other revenues were 2.2 % higher than the corresponding prior-year figure, mainly as a result of higher printing plant revenues.

At € 411.5 million, purchased goods and services were only slightly less than the corresponding prior-year figure. The effect of higher paper prices was almost completely offset by lower paper consumption. The ratio of purchased goods and services to total revenues remained unchanged from the prior year, at around 26 %.

The personnel expenses of € 424.6 million were 2.0 % less than the corresponding prior-year figure. This decrease resulted mainly from the lower restructuring expenses, the lower cost of share-based compensation and the lower number of employees, which declined by 1.8 % from an average of 4,652 in 2010 to an average of 4,569 in financial year 2011.

At € 33.3 million, the item of amortization, depreciation, , and impairments of intangible assets and property, plant and equipment was 5.1 % less than the corresponding prior-year figure, due in particular to the lower depreciation of property, plant, and equipment.

The other operating expenses were reduced by € 34.0 million or 6.2 % to € 516.8 million. This decrease resulted mainly from lower selling expenses, consulting expenses, and value adjustments of receivables.

Net income from non-current financial assets was € 90.0 million higher than the corresponding prior-year figure, mainly as a result of the higher profit transfers from subsidiaries (€ 50.5 million; PY: € 18.3 million) under the newly concluded profit/loss transfer agreements, and a dividend distribution by Axel Springer Schweiz AG (€ 33.2 million). The lower amount of impairments of investments (€ 16.4 million; PY: € 42.3 million) also had a positive effect.

At € 358.9 million, the profit from ordinary activities was € 87.3 million higher than the corresponding prior-year figure. After taxes, the net income for financial year 2011 amounted to € 260.2 million and was therefore € 98.9 million higher than the net income for financial year 2010 (PY: €161.3 million).

Liquidity

At December 31, 2011, Axel Springer's net debt (liabilities due to banks minus cash and cash equivalents) amounted to € 620.1 million (PY: € 61.0 million). This increase resulted mainly from the financing extended to subsidiaries, especially for the acquisition of the French real estate portal SeLoger.

At December 31, 2011, Axel Springer had access to unutilized short-term and long-term credit facilities in the total amount of € 885.0 million (PY: € 1,245.0 million). The credit facilities can be used both for general business purposes and for financing acquisitions.

Financial position

Balance Sheet (Condensed)

€ millions	12/31/2011	12/31/2010
Intangible assets and property, plant and equipment	262.6	245.7
Non-current financial assets	2,711.3	2,000.2
Trade receivables	142.0	157.9
Receivables from affiliated companies	50.4	152.9
Cash and cash equivalents	25.2	225.8
Other assets	223.1	264.0
Total assets	**3,414.6**	**3,046.5**
Equity	1,318.7	1,206.4
Provisions	425.0	512.6
Liabilities due to banks	645.3	286.8
Liabilities to affiliated companies	884.4	882.4
Other liabilities	141.2	158.3
Total equity and liabilities	**3,414.6**	**3,046.5**

At € 3,414.6 million, the balance sheet total in 2011 were 12.1 % higher than the corresponding prior-year figure. Non-current assets amounted to € 2,973.9 million (PY: € 2,245.9 million), representing 87.1 % (PY: 73.7 %) of total assets. Non-current assets were backed by equity at the rate of 44.3 % (PY: 53.7 %).

At € 2,711.3 million, non-current financial assets were € 711.1 million higher than the corresponding prior-year figure, mainly due to payments made to the additional paid-in capital reserves of subsidiaries for the purpose of financing acquisitions and optimizing the Group-wide financing structures. These payments had the effect of reducing receivables from affiliated companies (€ 50.4 million; PY: € 152.9 million); they also had the effect of reducing the high level of cash and cash equivalents at the end of 2010 (€ 225.8 million) by € 200.6 million to € 25.2 million, and raising liabilities due to banks by € 358.5 million to € 645.3 million.

The line item of other assets was affected by a payment of € 25.0 million on the deferred purchase price for the sale of regional newspaper investments effected in financial year 2009.

The very good net income for 2011 increased the equity by € 112.3 million to € 1,318.7 million. The equity ratio was 38.6 % at December 31, 2011 (PY: 39.6 %).

The provisions were € 87.6 million less than the corresponding prior-year figure. This decrease resulted mainly from the first-ever appropriation of assets to cover pension obligations, in the amount of € 50.0 million. Furthermore, provisions for structural measures declined by € 15.5 million.

Profit utilization proposal

The Supervisory Board and Management Board propose that the company apply an amount of € 167.6 million from the total distributable profit of € 168.2 million (PY: € 158.3 million) to pay a dividend of € 1.70 (PY: € 4.80; in consideration of the share split effected in the meantime, that amount is mathematically equivalent to a dividend of € 1.60) per qualifying share for financial year 2011, and to appropriate the remaining amount of € 0.6 million to the other retained earnings reserves.

The profit utilization proposal takes into account the treasury shares held by the company, which do not qualify for dividends. The number of shares qualifying for dividends can change in the time remaining until the annual shareholders' meeting. In that case, an adjusted profit utilization proposal will be submitted to the annual shareholders' meeting, without changing the target dividend of € 1.70 per qualifying share.

Dependency Report

The Management Board of Axel Springer AG submitted the Dependency Report prescribed by Section 312 of the German Stock Corporations Act (AktG) to the Supervisory Board and made the following concluding statement:

"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."

Events after the reporting date

No developments or events of particular importance have occurred since the reporting date of December 31, 2011.

Report on risks and opportunities

Risk policy principles and risk strategy

At Axel Springer, we define risks as the possibility of negative deviations of actual business performance from the planned performance or from our objectives, while opportunities represent the possibility of positive deviations. The risk policy principles and risk strategy of Axel Springer are closely tied to the adopted business strategy. We do not seek primarily to avoid risks at all costs, but to carefully weigh the opportunities and risks associated with our business activities. Accordingly, opportunities should be systematically exploited and risks should be assumed only when that would enable us to take advantage of additional income opportunities and increase the value of our company. Appropriate measures are taken to minimize risks to an acceptable level or, if economically feasible, transfer them to third parties. All employees are obliged to handle risks responsibly within their own work areas.

Refined risk management system

In consideration of the heightened national and international requirements, we continued the process of systematically refining our internal monitoring system (risk management, compliance management, internal control system, and internal auditing) in 2011. To ensure the close coordination of the various sub-systems, the department Governance, Risk & Compliance coordinates risk management, compliance management, and the internal control system.

Axel Springer's risk management system is designed to identify all significant risks at the earliest possible stage, so that we can immediately take appropriate countermeasures and monitor the further progression of all risks and the corresponding risk management measures. This approach gives us the necessary maneuvering room and allows for the controlled handling of risks. The risk management system is designed to meet the demands of currently applicable laws and regulations, as well as nationally and internationally recognized standards, and is documented in a corresponding corporate directive.

Whereas the overall responsibility for risk management lies with the Management Board, the management of individual risks, which entails the early detection, assessment, management, and documentation of risks, as well as the adoption and implementation of appropriate countermeasures and the associated reporting requirements, lies primarily with the corresponding corporate divisions or Group companies.

The divisional leaderships bear content-related responsibility for the risk management conducted within their respective divisions. Besides conducting a structured risk inventory every year, they are also obliged to monitor their divisions on a continuous basis in order to identify any changes in the risk situation. Significant changes in the division-specific risk situation must be reported promptly to the Governance, Risk, & Compliance department or the Management Board.

In addition to this decentralized risk identification process, a centralized risk identification process is conducted under the coordination of the Group-wide Risk Manager, who is a member of the senior management. The purpose of that process is to apply specialized methodology with the goal of identifying and assessing cross-divisional and process-transcending risks, so as to complete the risk inventory.

Risks are assessed on the basis of the probability of occurrence and the possible loss in case of occurrence. Risks are classified as "existentially threatening," "material," or "to be monitored." In order to present Axel Springer's risk situation as transparently as possible, risks are assessed by means of a procedure that entails both a gross assessment (before risk management measures) and a net assessment (after risk management measures). Uniform, Group-wide materiality limits are applied for that purpose.

A theoretically existential risk is classified as such on the basis of the possible gross loss and the effect of such a loss on the Group's financial position and liquidity.

The Corporate Risk Manager is assigned to the new department of Governance, Risk, & Compliance. He monitors all risk management activities, aggregates the risks at the Group level, and assesses the plausibility and completeness of reported risks. He is also responsible for continuously refining the risk management system and the Group-wide, web-based reporting tool.

The risk reports prepared for the Management Board and Supervisory Board focus primarily on the existentially threatening risks and material risks, including the corresponding risk management measures and suitable early warning indicators, if any. For that purpose, we distinguish mainly between strategic and operational risks, financial reporting risks and risks related to compliance with internal and external regulations.

Internal audit system

Axel Springer AG has a Corporate Internal Audit Department that conducts its work independently of instructions and processes, on the basis of internal rules of procedure adopted by the Management Board. The Corporate Internal Audit Department is designed to fulfill the relevant national and international professional standards.

Based on a risk-oriented audit plan, the Corporate Internal Audit Department continuously reviews the adequacy and functional effectiveness of the risk management system and internal control system, among other matters.

Report on the financial reporting-related risk management and internal control system pursuant to Section 289 (5) and Section 315 (2) (5) HGB

The financial reporting-related risk management system and the connected internal control system are important elements of the internal management system of Axel Springer AG. The effective interplay of the risk management system and internal control system is meant to ensure the effectiveness and economic efficiency of the Group's business activities, as well as the completeness and reliability of its financial reporting. The financial-reporting risk management system and internal control system comprise all organizational regulations and measures aimed at the detection and management of risks related to financial reporting. With a view to the (consolidated) financial reporting process, the internal control system is meant to ensure that the Group's financial reports convey a true and fair view of the financial position, liquidity, and financial performance of Axel Springer AG and the Axel Springer Group, in compliance with all relevant laws, regulations, and standards. However, even an effective, and therefore adequate and well-functioning, internal control system cannot guarantee the prevention or detection of all irregularities or inaccurate disclosures.

We consider the following elements of the risk management system and internal control system to be significant with respect to the (consolidated) financial reporting process:

- Processes for identifying, assessing, and documenting all significant financial reporting-related processes and risk areas, including the corresponding key controls. Such processes include financial and accounting processes, as well as administrative and operational business processes that generate important information used in the preparation of the separate and consolidated financial statements, including the management reports of the parent company and the Group.
- Process-integrated controls (computer-aided controls and access restrictions, dual control principle, separation of functions, analytical controls).
- Standardized financial accounting processes, through the use of an internal, Group-wide Shared Services Center for most of the consolidated German companies of the Group.
- Group-wide accounting directives in the form of accounting guidelines, charts of accounts, and reporting procedures.
- Quarterly communication of information to all consolidated Group companies on current developments related to accounting and the process of preparing the financial statements, as well as the reporting deadlines to be observed.
- Assuring the requisite expertise of employees involved in the financial reporting process by means of appropriate selection procedures and training.
- Centralized preparation of the consolidated financial statements, employing manual and computer-system controls in respect of financial reporting-specific connections and dependencies.
- Protection of financial reporting-related IT systems against unauthorized access, by means of access restrictions.
- Monthly internal reports (complete income statement, statement of financial position, cash flow statement) and monthly reports on all cost units of the Group, including analysis and reporting of significant developments and budget/actual deviations.

The effectiveness of the (consolidated) financial reporting-related risk management system and internal control system is systematically reviewed and assessed by means of periodic control tests; a Group-wide reporting system ensures that up-to-date information is provided on a regular basis to the division heads, Management Board, and Supervisory Board.

Both the risk management system and the internal control system are continuously enhanced. For example, the financial reporting-related control system is being integrated with the broader system on a step-by-step basis, to create a comprehensive system of internal corporate monitoring. By that means, we synchronize and optimize our control elements on a cross-divisional basis, thereby enhance the effectiveness and economic efficiency of the entire system.

Risk areas

The risks described below could have material effects on the business activity of Axel Springer and therefore also on whether and when we achieve our business objectives. Within the risk categories described below, risks are presented in the order of their priority for Axel Springer.

Market and competition risks

Markets are increasingly being shaken by the crisis affecting numerous European countries resulting from the substantial over-indebtedness of individual nations, as well as by the deteriorating credit ratings of several countries. Another element of uncertainty relates to the further development of China as an economic power, which continues to play a crucial role in the world economy. An even sharper decline of financial markets would have a negative impact on economic growth, among other consequences. Therefore, a significant deterioration of the revenue performance of our advertising customers and the resulting decrease in our advertising revenues that would occur under such a scenario cannot be ruled out. An adverse development of the general market environment could lead to lower advertising revenues in Germany and also reduce our advertising revenues in the countries of Europe.

The paper price risk is currently deemed to be manageable, in particular in consideration of the Group's diversified purchasing sources.

Furthermore, the general market situation is still characterized by intense competition pressure. The entry of new competing titles and formats into the market exposes the Axel Springer Group to the risk of lost revenues and market shares in the circulation and advertising business; this could intensify if free newspapers and magazines were to be introduced. Generally speaking, this risk is exacerbated further by changing consumption and reading habits (especially as a result of demographic changes).

Another source of uncertainty relates to the growing competition with traditional print media posed by other kinds of media. Above all, the growing importance and use of the Internet results in reductions in the revenues of print publications.

In that context, the high proportion of total Group-wide revenues contributed by BILD and the entire family of BILD brands poses a particular risk. Overall, the paid circulation of BILD and BILD am SONNTAG has been declining in the last few years. Furthermore, a significant proportion of the Group's high-revenue magazine titles are supported by the strong recognition and brand familiarity of the BILD family of brands. The possibility that the success of our BILD titles could be adversely affected by external factors on a lasting basis, which would consequently have a negative impact on the Group's financial position, liquidity, and financial performance, cannot be ruled out.

In the segment of digital media, the dominant position of major Internet search engines could pose a market risk. If, for example, the search engines were to alter their search algorithms or use their own websites to broaden their offerings and so compete with our own business activities or those of our affiliated companies, that could have a serious impact on the future revenue performance of certain business activities of Axel Springer.

The above-mentioned general market risks are monitored and minimized primarily by the operational managers. To counter these risks successfully, Axel Springer continued in 2011, and will continue in the future, to pursue the threefold strategy of market leadership in the German-language core business, internationalization, and digitization. Therefore, the targeted expansion of existing activities in Germany is still vitally important to our company. Furthermore, changing customer needs can be accommodated by means of product innovations, accompanied by incentives and other product-related measures, such as sales-promoting giveaways and special inserts offered at an extra cost, including DVDs, CDs, and audio books, for example.

The constant further development and expansion of our iPhone and iPad apps underscores our determination to continually increase the degree of digitization of Axel Springer's media. By means of acquisitions, new company start-ups, and the expansion of existing digital media, we will strive to adapt to changes in the media world and further promote the cross-media networking and integration of our brands. (For more information on that subject, please refer to the report on the business developments and financial performance of our segments, beginning on page 53).

Political and legal risks

The effects of new legislative initiatives on various individual business models in the digital media segment are still uncertain at the present time. The enactment of national laws implementing the Cookie Regulation Directive that has already been enacted on the European level has not yet been completed in Germany, among other countries. Although online offerings based on user accounts are largely unaffected by this new regulation, it could have a major influence on conventional online offerings. Cookies are an important tool for recording data, such as the number of visitors to a website or the number of clicks on an online advertisement, for example. Advertisers use the data supplied by cookies to measure the success of their advertisements and website operators use it to optimize their offerings and set advertising rates. Thus, cookies are an important basis for generating revenues on the Internet. At the present time, concrete implementation of this regulation and the ensuing impact on the revenue performance of Axel Springer and the company's strategic orientation remain to be seen.

The three-step test introduced by law in 2009 has proven to be inadequate for effectively limiting the expansion of state-owned TV stations into the Internet. ARD in particular has intruded into the business sphere of the private-sector press and distorted the competition environment with a text-oriented news app for Tagesschau financed by license fees, in a blatant contradiction of the Interstate Broadcasting Agreement. Faced with competition from this cleverly designed "free offer," it is naturally hard for publishing companies to successfully offer paid apps. After conducting fruitless negotiations with ARD, Axel Springer AG and seven other publishing companies, with the full support of the newspaper publishers' association BDZV, filed a lawsuit against ARD in the Competition Division of the Cologne Regional Court. The first oral proceedings have been held and a second date has been set for June 2012. Concurrently with the court proceeding, the publishing companies are conducting settlement negotiations with ARD. If no agreement can be reached and if the court does not rule in favor of the publishing companies, it will be much more difficult for Axel Springer AG to successfully offer paid journalism content in the fast-growing mobile market.

Furthermore, our business is still exposed to the competition-distorting effects of state-owned media and the regulatory pressure of legislators on all relevant levels of government.

Breaches of confidentiality agreements and violations of insider trading regulations, as well as the incorrect publication of data or the non-observance of data protection laws and regulations, could lead to economic or legal consequences for Axel Springer. In such cases, the possibility of damage to the reputation of the Group or its brands cannot be ruled out.

To minimize such risks, Axel Springer has adopted various control mechanisms and consultation rules, upgraded its data protection organization further, and initiated extensive training programs, among other measures. The company intends to intensify such activities in the future.

IT risks

As a company with a high level of digitization, Axel Springer is exposed to considerable risks related to the possible failure of IT systems, data centers, editing systems, or databases. Particular attention is given to IT risks that could lead to data losses or, in the worst case, business interruptions.

Besides those IT risks that affect Axel Springer directly, there are others that have a considerable impact on the company's business activities. In consideration of the growing importance of paid-content offerings and the related handling of personal data, and the steadily growing threat of computer criminality, the careful handling and protection of the above-mentioned customer data are becoming increasingly important.

By reason of its many online-based business models, Axel Springer is also dependent on the constant availability of the websites. The possibility of hacker attacks and the consequent downtimes entails risks that could potentially have an adverse effect on the Group's revenue performance and reputation.

Consequently, Axel Springer undertakes targeted measures to guard against criminal acts and protect its strategic business model. To avoid or mitigate such risks, the company employs extensive IT security measures (such as back-up systems, firewalls, and back-up data centers), which are continuously upgraded and improved.

Reputation risks
In view of its growing international presence, Axel Springer has adopted a catalog of social standards known as the International Social Policy, as a binding guideline for social integrity, applicable to all our companies throughout the world. Non-observance of the International Social Policy, especially in connection with the procurement of advertisements and product giveaways, as well as merchandising or the sale of title licenses, could potentially cause serious damage to the company's reputation.

The Axel Springer Group has instituted a sustainability management program that meets international standards. The overly late detection of possible ecological or social conflicts relative to the procurement of resources along the value chain of wood, pulp, paper, and recycled materials could harm the Group's reputation. To minimize this risk as much as possible, we work closely together with experts in the wood, pulp, and paper industry and with numerous environmental protection organizations. We also conduct monitoring measures across the entire value chain, as well as eco-audits. Axel Springer's internal and external communications on this subject are generally characterized by a high level of openness and transparency.

Strategic and other risks
Strategic risks arise from the possibility, among others, that the Group would invest in concepts and companies that prove not to be sustainably successful, leading to financial losses. Such investment risks arise primarily from the possibility of bankruptcy. If the revenue and profit performance of the companies in which we hold an investment were to be worse than planned, due to a renewed worsening of the financial markets and economic crisis, it could become necessary to recognize impairment losses. Generally speaking, however, the business models of our subsidiaries and associates are very heterogeneous. Furthermore, we employ internal assurance measures, including the rigorous examination of the investment criteria applied in connection with our M&A activities.

In the digital media business, Axel Springer is additionally exposed to a heightened risk that a given business model would prove not to be successful on a sustainable basis, and that newer Internet business models could force older ones out of the market. Another significant factor is the growing popularity of paid-content offers in the online business, leading not only to higher revenues, but also increased competition. Therefore, it is entirely possible that future revenues could be offset by higher costs to win and retain customers.

To minimize such risks, Axel Springer employs an active investment management program, takes the necessary steps to recruit and retain qualified managers, and constantly monitors the relevant business and market developments. By means of such measures, Axel Springer minimizes the risk of possible impairment losses in goodwill and losses on loans to companies in which it holds an investment.

Furthermore, Axel Springer continues to systematically pursue its strategy of internationalization and digitization. The joint venture with Ringier was a decisive step in the direction of internationalization. From a risk standpoint, the main risks to which Ringier Axel Springer Media and its subsidiaries are exposed are market and financial risks. Declining circulation numbers, which in return reduce circulation revenues, represent a particular market risk and could potentially also reduce advertising revenues in the medium-term. The advertising market in eastern Europe in particular is exposed to significant market risks associated with the growing shift to TV and digital media. By virtue of the high degree of internationalization of Ringier Axel Springer Media AG, the relevant market risks are distributed over various countries, although that fact does entail a heightened foreign exchange risk (EUR, CHF, eastern European currencies), which the company counters by means of hedging activities.

With regard to our investment in Doğan TV Holding A.S., the risk of an impairment loss cannot be ruled out, depending in particular on the further developments and any adjustments to the business plan that could possibly be made by the management. In assessing the value of our investment in this company, due consideration is given to the existing contractual agreements that protect the value of our investment.

Furthermore, the loss of major customers could have an adverse effect on the business success and activities of the Group. To avoid this risk, we employ a variety of customer retention measures, among other measures.

Distribution-related risks, including the risk of liquidity problems on the part of distribution partners, for example, are countered by means of clearly stipulated payment terms and firm payment modalities.

The threat of terrorism poses an elementary risk to Axel Springer. We counter terrorism risks in two ways. First, we take structural and organizational measures to raise the Group's security standards even further; second, initially in 2009, we took out a new insurance policy to mitigate the financial consequences of terrorism.

Financial risks and risks associated with the use of financial instruments

The financial risks especially relevant to the Axel Springer Group are interest rate risks and currency risks. Interest rate risks arise primarily from financial assets or liabilities with variable interest rates. Currency risks arise from expenses, revenues, investment income and expenses, and receivables and liabilities denominated in foreign currencies (transaction risk).

The risk of changing interest rates inherent in variable-interest assets or liabilities is minimized through the use of interest rate derivatives.

The risk of value changes arising from exchange rate fluctuations are avoided primarily in that operating costs are incurred in the same countries in which we sell our products and services. Residual currency risks arising from cash flows denominated in foreign currencies are immaterial because we generate most of our earnings in the euro zone. Currency risks inherent in receivables and liabilities denominated in foreign currencies (excluding contingent purchase price liabilities) with net exposures of € 5 million or more per foreign currency are hedged by means of maturity-matched forward exchange deals.

Local-currency cash flows generated in non-euro zone countries are either reinvested to expand local business operations, or invested with Axel Springer AG and hedged by means of forward exchange deals or distributed in the form of dividends. Therefore, the liquidity risk arising from exchange rate changes affecting cash flows denominated in foreign currencies is limited.

Currency effects arising from the translation of financial statements denominated in foreign currencies (currency translation risk) are recognized directly in the equity item of other comprehensive income. Therefore, Axel Springer does not hedge such currency effects.

Significant financing risks resulting from the uncertain outlook for the financial sector are not evident for the Axel Springer Group at the present time because the credit line for € 1.5 billion (until 2012) and for € 1 billion (until 2013) obtained for liquidity assurance purposes has been committed by the participating banks with binding effect. The credit facility is contingent upon the observance of covenants that are based on a certain ratio of net debt to the earnings indicators of the Axel Springer Group. Even if the credit facility were to be drawn down in full, we do not expect to breach any of the agreed covenants and therefore we consider the risk of acceleration of borrowed amounts to be minor. Based on our continuous observation of the money markets, capital markets, and credit markets, we have concluded that companies with outstanding creditworthiness and strong reputations can always raise funding at favorable conditions. Furthermore, Axel Springer can generate liquidity reliably, based on its broadly diversified customer base and the absence of significant payment delays and defaults.

Surplus cash not needed for operations is invested on the basis of criteria set out in a corporate guideline, which sets loss limits that may not be exceeded, as a means (among others) of limiting risks.

The risks arising from financial instruments and hedging activities are discussed in detail in Section (34) of the notes to the consolidated financial statements.

Overall risk assessment

Currently, no risk concentrations or interdependencies that could have a significant influence on the Group's financial position, liquidity, and financial performance are discernible, with the exception of the risk of a drastic deterioration of the global economy. Therefore, any threat to Axel Springer's survival as a going concern or any decisive effect on the Group's financial position, financial performance, and liquidity situation can be ruled out.

Compared to the prior year, moreover, the risk position of the Axel Springer Group has improved further because the Group's financial strength, and consequently its capacity to absorb risk, has increased in the last twelve months. Furthermore, the Group is even more broadly diversified than before.

Opportunities

Market opportunities

If the economy continues to stabilize, as currently predicted by the leading economic research institutions, that will have a positive effect on our circulation and advertising revenues. But even a negative development of the overall economy could create opportunities for Axel Springer. For example, competitors could pull out of the market, thereby strengthening our own market position on a long-term basis. In such a scenario, moreover, it may be possible to acquire companies at lower valuations.

Political opportunities

The strengthening of intellectual property rights that would result from the introduction of a publisher's ancillary copyright could have a positive effect on the company's business in Germany. Such a law would considerably improve the legal position of publishers in copyright disputes.

Strategic opportunities

By means of the joint venture Ringier Axel Springer Media, we have taken a decisive step in the direction of internationalization. Opportunities can arise from the licensing of titles in the countries in which Axel Springer AG maintains a presence, from the strategic establishment of strong competitive positions in eastern Europe and from investments in fast-growing markets, among others.

In implementing our internationalization strategy, we have the decisive advantage over our competitors that we have already attained strong market positions in many countries, and, indeed, in numerous segments, leading market positions.

The digitization strategy offers especially promising opportunities for generating additional revenues via the dynamic development of revenues in the online advertising market. Axel Springer is taking advantage of this market trend through the swift and consistent combination of print and online offerings, and by investing in companies, entering into cooperation agreements, and continually expanding its existing and newly acquired activities. Opportunities are seen especially in the area of paid content. Furthermore, the expansion of our digital offerings in the form of apps for the iPhone and HD apps for the iPad creates tremendous strategic opportunities for Axel Springer.

Marketing opportunities

The Group's marketing unit, Axel Springer Media Impact, has further consolidated its strong position in the market and is one of the widest-reach cross-media marketers in Europe. Thanks to its cross-media business model and its strong competitive position, Axel Springer is an attractive advertising platform beyond the realm of TV advertising.

Forecast report

Anticipated economic environment

General economic environment

In the estimation of the ifo Institute, the **global economy** will slow down considerably in 2012, due to the high levels of government debt in various EU countries and the United States, as well as tremendous uncertainty in the capital markets. In the opinion of the ifo Institute, worsening financing conditions for banks and companies, accompanied by fiscal policies aimed at consolidating government finances, will cause consumers and businesses to postpone their buying and investment decisions. Persistently high domestic demand in the emerging-market countries will support strong economic growth in those countries. Overall, the world economy is expected to expand at a rate of 3.3 % in 2012.

For **Germany**, the ifo Institute does not expect the economic recovery to continue; in fact, it expects the German economy to experience a temporary downturn. Unlike many other European countries, however, the German economy will probably not fall into recession. According to the forecast, consumer spending will increase at an inflation-adjusted rate of 1.2 %, thanks to the healthy state of the jobs market and the high level of personal incomes. The weak development of production is expected to reduce capacity utilization rates and thus limit the growth of plant and equipment investment to an inflation-adjusted rate of 2.2 %. The wide-ranging fiscal retrenchment efforts of many euro zone countries can be expected to weigh on exports, which are likely to increase only by an inflation-adjusted rate of 2.8 %. Imports are expected to increase at a somewhat faster rate of 4.6 %. Furthermore, the low level of interest rates and investor uncertainty with regard to financial investments can be expected to stimulate housing demand. Building investment is expected to increase by 1.6 %. Overall, the ifo Institute is forecasting economic growth of 0.4 % in 2012.

The ifo Institute expects the inflation rate to dip slightly to 1.8 %, as many companies will find it harder to raise prices amid weakening economic conditions. Employment will also increase at a slower rate. The number of employed persons is expected to average 41.3 million in 2012, while the number of unemployed persons is expected to decrease by around 150 thousand to 2.8 million, which would correspond to an average full-year employment rate of 6.7 %.

In **central and eastern Europe**, economic growth will slow considerably in 2012, as the high debt levels of many countries will force governments to adopt more restrictive fiscal policies. Therefore, domestic demand and particularly consumer spending will remain weak in most countries of the region.

Anticipated Economic Development (Selection)

Change in gross domestic product compared to prior year (real)	2012
Germany	0.4 %
Switzerland[1)]	1.4 %
France	–0.3 %
Spain	–0.6 %
Hungary	0.2 %
Poland	2.6 %
Czech Republic	0.9 %
Slovakia	2.0 %
Serbia[1)]	3.0 %
Russia	3.5 %

Source: Ifo Institute, December 2011
[1)] Source: IMF, September 2011.

Industry environment

The effects of two major sporting events, the Summer Olympics and the European Soccer Cup, along with Japan's recovery from the aftermath of the earthquake, can be expected to more than offset the negative effects of the euro debt crisis on the **global advertising market**.

According to the most recent advertising market forecast by ZenithOptimedia ("Advertising Expenditure Forecast" of December 2011), the global advertising market is expected to expand at a rate of 4.7 % in 2012. That represents a downward correction of ZenithOptimedia's earlier forecast from October 2011, which predicted a 5.3 % increase.

To date, the forecasts for **Germany** suggest a mixed picture for 2012. ZenithOptimedia expects the total net advertising market to expand at a nominal rate of 1.9 %. Thus, the advertising market is expected to grow at a nominal rate of 2.0 % (or an inflation-adjusted rate of 0.4 %), which is somewhat slower than the forecast growth rate for the overall economy. This increase will be carried by **television** (+ 2.4 %) and online media (+ 11.8 %). ZenithOptimedia predicts declines in the net advertising revenues of **newspapers** (– 2.4 %) and **magazines** (– 0.9 %).

According to ZenithOptimedia, the **online market** will register strong growth again in 2012, with net advertising expenditures (including search term marketing and affiliate advertising) rising by 11.8 %. This forecast reflects the long-term structural shift of advertising expenditures in favor of digital media. According to the forecast data, Internet and TV will expand their respective shares of advertising expenditures.

By contrast, the Central Association of the German Advertising Industry (ZAW) expects total net advertising revenues to be 1.5 % lower in 2012 than in 2011. Besides conventional media, this forecast also covers direct advertising and online advertising, among other forms of advertising.

Net advertising revenues are expected to grow in the media categories of **radio** (+1.6 %) and **billboard advertising** (+ 2.1 %).

For the **international markets** in which Axel Springer conducts business activities itself, ZenithOptimedia predicts an uneven development of net advertising revenues for newspapers and magazines (as of December 2011).

According to ZenithOptimedia's forecast, net advertising volume in the online market in western Europe should rise by 10.3 % to US$ 22.0 billion in 2012, based on the assumption of constant exchange rates. The growth rates in eastern European countries will in parts be much higher.

Anticipated Advertising Activity 2012 (Selection)

Change in net ad revenues compared to prior year (nominal)	Newspapers	Magazines	Online
Germany	–2.5 %	–0.9 %	11.8 %
Switzerland[1]	2.1 %	–0.4 %	21.5 %
France[2]	–2.3 %	–4.2 %	7.7 %
Spain[2]	–6.8 %	–4.0 %	10.0 %
Hungary	–2.2 %	–2.2 %	13.0 %
Poland[2]	–7.3 %	–5.1 %	15.7 %
Czech Republic[2]	–9.0 %	–3.8 %	8.9 %
Slovakia[1]	–17.6 %	–14.0 %	3.8 %
Serbia[1]	–5.3 %	–5.2 %	20.0 %
Russia	3.2 %	6.9 %	35.0 %
India[2]	6.0 %	65.0 %	28.9 %

Source: ZenithOptimedia, Advertising Expenditure Forecast (December) 2011.
[1] Gross advertising revenues (excluding classified ad revenues in the print media). The gross advertising revenues do not adequately reflect the actual development of advertising revenues.
[2] Excluding classified ads.

Group

Strategic and organizational orientation

Also in 2012, Axel Springer will continue to pursue its strategy based on the core elements of expanding the market leadership position in the German-language core business, internationalization, and especially digitization.

The market leadership position in the German-language core business will be expanded by continually building on our strong brands and by developing and establishing innovative cross-media advertising formats. By this means, the extraordinarily high reach of our print media and content portals can be put to optimal use.

We will continue to systematically pursue our internationalization strategy. In addition to strong, established print brands that appeal to a broad base of readers, we will also focus on the digitization of our activities. Important criteria for making investments in companies include the right strategic fit, the professionalism of the management, and the monetization potential of digital business models.

The digitization strategy is geared to expanding the Group's content portals, marketplaces, and marketing activities. With regard to the content portals, one focus will be on the continued development of paid content. In that endeavor, we can make use of the experiences gathered in connection with the popular formats that have already been introduced. We have expanded our portfolio in the business of marketplaces considerably through the acquisition of SeLoger. In the marketing segment, we intend to pursue further international growth.

We are not planning to make significant adjustments to the Group's organization at the present time.

Anticipated business developments and financial performance

Under the assumption that general economic conditions do not experience a significant deterioration, we expect to generate a single-digit percentage increase in the **Group's total** revenues in **financial year 2012**. The anticipated slight decrease in circulation revenues should be more than offset by the higher total advertising revenues and total other revenues, compared to 2011. We expect that the slightly lower revenues in the national and international print business will be more than made up by higher revenues in the digital media business.

We also expect that the Group's EBITDA will be slightly higher than EBITDA for 2011. In that respect, we anticipate slightly lower earnings in the print business, and substantially higher earnings in the digital business, compared to 2011.

Under the assumption of a positive economic environment and the absence of adverse factors, we expect to generate a slight increase in the Group's revenues and EBITDA in **financial year 2013**, to be driven largely by the further expansion of the digital business.

In the **segments**, we expect that the total revenues of the Newspapers National segment in **financial year 2012** will be close to the prior-year figure, with generally stable circulation revenues, slightly lower advertising revenues, and higher other revenues. We expect that segment EBITDA will be less than the corresponding prior-year figure.

We expect to generate slightly lower revenues in the Magazines National segment compared to 2011. While we deem it possible to match the advertising revenues generated in the prior year, thanks to the positive effects of the European Soccer Cup, among other factors, we anticipate lower circulation revenues and other revenues. In view of the anticipated drop in revenues, we expect that segment EBITDA will be less than the corresponding prior-year figure.

We expect to generate lower total revenues in the Print International segment, based on declines in all revenue categories. We expect that the positive effects of cost optimization measures will partly offset the negative effect of lower revenues, leading to EBITDA that is slightly below the prior-year figure.

The results of the Digital Media segment in 2012 will be impacted still by the acquisitions effected in 2011. Therefore, we expect that the total revenues of this segment will be considerably higher than the prior-year figure; even on a purely organic basis, revenues are expected to grow at a double-digit percentage rate. According to our expectations, the revenue growth will be driven by gains in all our business activities in this segment and will have a positive effect on advertising revenues and other revenues. We also expect to generate a substantially higher EBITDA in 2012 than in 2011.

As for the Services/Holding segment, we anticipate lower revenues and a lower EBITDA, due to additionally higher costs.

Anticipated development of liquidity and financial position

According to the current planning status, the Group's liquidity and financial position will not change significantly in 2012. Axel Springer has access to extensive short-term and long-term credit facilities, which can also be used for acquisitions. Based on the capital expenditure projects planned to date, investments in property, plant, and equipment and intangible assets will likely be slightly less than the corresponding prior-year figure. Financing will be provided by the operating cash flow.

Dividend policy

Subject to the condition of solid financial performance in the future, Axel Springer will strive to maintain its dividend policy, which seeks to pay high dividends but also allows for the financing of growth.

Anticipated workforce development

The average full-year number of employees in 2012 will be higher than in 2011, mainly due to higher staffing levels in the Digital Media segment resulting from organic growth and acquisitions.

Planning assumptions

We plan the future development of the financial performance, liquidity, and financial position on the basis of assumptions that are plausible and sufficient probable from today's perspective; in the current economic environment, however, those assumptions are fraught with great uncertainties. Therefore, the actual development could possibly be much different from the assumptions applied and the resulting business plans and trend forecasts.

Disclosures and explanatory report of the Management Board pursuant to takeover law

This section contains the disclosures pursuant to Sections 289 (4), 315 (4) HGB, along with the explanatory report of the Management Board pursuant to Section 176 (1) (1) AktG.

Composition of subscribed capital

The company's subscribed capital amounts to € 98,940,000. By virtue of a resolution adopted by the annual shareholders' meeting of April 14, 2011, the company's share capital has been re-apportioned. Each previous share representing a proportion of share capital equal to € 3.00 has been replaced with three shares, each representing a proportion of share capital equal to € 1.00 (1:3 share split), so that the company's share capital was re-apportioned, effective May 31, 2011 (entry of the amended Articles of Incorporation in the Commercial Register) and is now divided into 98,940,000 registered shares (see also page 28). The shares can only be transferred 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). (Please refer to page 84 for information on the company's treasury shares.)

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, or have given rise, to transfer restrictions based on the German law of obligations (Schuldrecht). In exchange, the company has, in regular intervals, agreed to pledge the shares in question to the financing banks.

- 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 a share transfer restriction agreement with Michael Lewis, Nova Trust Ltd., in its capacity as the trustee of The 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 (corresponding to 1,020,000 shares after the share split conducted in 2011) of the company (or 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 21, 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.

- In addition, a share transfer restriction agreement was concluded between Dr. Mathias Döpfner, 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, as well as the direct and indirect disposal over, the shares of Axel Springer AG by Brilliant 310. GmbH or Dr. Mathias Döpfner are made contingent on the prior consent of Axel Springer AG according to the company's Articles of Incorporation.

Other transfer restrictions based on the German law of obligations exist in connection with the share ownership program conducted in 2011 for the employees of the Axel Springer Group. The shares acquired in connection with this employee share ownership program are subject to a minimum holding period that will remain in effect until May 31, 2013, for employees with individual target agreements, or until May 31, 2012, for employees entitled to the general profit-sharing bonus, during which period the shares are safekept for the employees in a custody account with Deutsche Bank AG.

Furthermore, transfer restrictions based on the German law of obligations exist in connection with the free share and share ownership program for the company's employees, which was conducted in 2009. The holding period was one year for the free share program and two years for the share ownership program.

In connection with the virtual stock option plan 2011 for senior executives, the beneficiaries are required to personally invest in shares of Axel Springer AG. These shares are not subject to any restrictions on disposal, but any disposition of these shares leads to the lapse of virtual stock option rights without replacement or compensation (see page 96 for information on the virtual stock option plan for senior executives).

The same applies to the virtual stock option plans 2009 and 2012 for members of the Management Board (see page 93 for information on the virtual stock option plans 2009 and 2012 for Management Board members).

In connection with the placement of the treasury shares belonging to Axel Springer AG, which occurred in September 2010, Axel Springer used a customary market protection clause to promise the placing banks that it would, in principle, not otherwise sell its own shares that were not an object of this share placement for a period of six months after the placement was effected, or dispose of them in any other way. This excludes shares that were issued or transferred under the Company Participation Program for Management Board members from 2004, or the free share and share ownership program for employees that was conducted in 2009.

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 2011 financial year, Axel Springer Gesellschaft für Publizistik GmbH & Co. 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.), 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. In addition, Dr. h. c. Friede Springer directly held an additional holding equal to about 7.0 % of the company's capital stock at the end of the reporting year. 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

In connection with the free share and share ownership program for employees conducted in 2009 and the share ownership program for employees conducted in 2011, Deutsche Bank AG was entered initially in the stock register with externally owned shares in connection with the shares transferred to the employees. However, each employee is free to be registered personally as a stockholder in the stock register.

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 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 were to 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 an important reason (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 buy back shares

Axel Springer AG has neither established any authorized capital that would authorize the Management Board to issue new shares, nor any conditional capital.

By resolution of the annual shareholders' meeting of April 14, 2011 (Agenda Item 7), 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 capital stock existing at the time the resolution was passed, in the time until April 13, 2016. 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.

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 authorization may not at any time exceed 10 % of the company's capital stock. Details concerning this authorization are provided in the invitation to the annual shareholders' meeting of April 14, 2011, which is available on the website of Axel Springer AG (see Agenda Item 7 and the Management Board's report on this subject).

At the end of financial year 2011, the company held 334,380 own shares, which corresponds to about 0.3 % of the share capital (see page 82 for information on the market protection clause in connection with the share placement that occurred in September 2010).

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

With the exception of a credit facility of € 1,500,000,000, 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

Some Management Board members have the right to terminate their service contracts in the event of a change in control. A change in control within the meaning of these contracts would exist if the majority shareholder Dr. h. c. Friede Springer should cease to hold or control the majority of shares, indirectly or directly. In such a case, the affected Management Board members have the right to receive payment of their base salary for the most recently negotiated remaining contractual term, not to be less than payment of one year's base salary. Furthermore, the company will pay the prorated percentage of the success-based compensation 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.

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

Corporate Governance Report

The present section contains a report by the Management Board – also on behalf of the Supervisory Board – on corporate governance at Axel Springer, in conformity with the recommendation set forth in Section 3.10 of the German Corporate Governance Code. This section also contains the management declaration pursuant to Section 289a of the German Commercial Code (HGB) and the Compensation Report.

Good corporate governance as a guiding principle

At Axel Springer, sound corporate governance is considered to be a crucial element of responsible management and supervision geared to increasing the company's value on a long-term basis. It promotes the trust and confidence of our national and international investors, customers, employees, and the public in the management and supervision of the company and is therefore an essential basis for the company's lasting success.

In this respect, we are guided by the German Corporate Governance Code (DCGK). We have taken appropriate measures to implement and ensure compliance with the recommendations of DCGK. The Corporate Governance Officer is the Management Board member in charge of Personnel, Finance, and Services. The implementation of and adherence to the recommendations of DCGK are reviewed continually.

Management declaration pursuant to Section 289a HGB

Declaration of Conformity pursuant to Section 161 AktG

The Management Board and Supervisory Board published the following Declaration of Conformity on November 7, 2011:

"Pursuant to Section 161 of the German Stock Corporations Act (AktG), the Management Board and Supervisory Board of Axel Spring AG declare the following:

I. Prospective section

The company follows the recommendations of the German Corporate Governance Code (DCGK) in the version of May 26, 2010, as published by the German Federal Ministry of Justice in the official announcements section of the electronic Federal Gazette of July 2, 2010, with the exception of the difference noted and justified below:

Itemized disclosure of Supervisory Board compensation (No. 5.4.6 (6) and (7) DCGK)

The compensation 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 DCGK).

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

II. Retrospective section

Since the company's last Declaration of Conformity on November 8, 2010 (updated on March 1, 2011), the company has followed the recommendations of DCGK in the version of May 26, 2010, as published by the German Federal Ministry of Justice in the official announcements section of the electronic Federal Gazette of July 2, 2010, with the exception of the difference noted and justified above in Section I. And with the exception of the difference noted and justified below, as already explained in the updated version published on March 1, 2011, of the Declaration of Conformity November 8, 2010:

Severance pay cap in the event of premature termination without cause of a Management Board employment contract or in connection with a change of control (No. 4.2.3 (11), (12), and (13) DCGK)

In connection with the renewal of the employment contract of a long-serving Management Board member, no so-called severance pay cap was stipulated in the event of premature termination without cause of the Management Board employment contract (No. 4.2.3 (11) and (12) DCGK) and for payments promised in connection with the premature termination of the Management Board employment contract subsequent to a change of control (No. 4.2.3 (13) DCGK).

The Supervisory Board opted not to stipulate such a severance pay cap because the Management Board employment contract that is currently in effect with the affected Management Board member, which was concluded prior to the introduction of the corresponding recommendations of DCGK in the version of June 6, 2008, does not stipulate such a severance pay cap either. Therefore, the agreement in effect between the company and the Management Board member was merely upheld. The Supervisory Board deems it appropriate to refrain from stipulating a severance pay cap in the interest of retaining the Management Board member in question.

Berlin, November 7, 2011

Axel Springer AG

The Supervisory Board   The Management Board"

The foregoing Declaration of Conformity of November 7, 2011 and the older versions are available via the link www.axelspringer.com/declarationofconformity.

Important management practices

Axel Springer is the only German media company that has provided itself with a corporate constitution. This is anchored in Article 3 ("Principles of Corporate Governance") of the company's Articles of Incorporation and is thus a guiding principle for all employees. The corporate constitution can be examined and downloaded at www.axelspringer.com/corporateprinciples.

A guideline for managers concretizes the requirements imposed on the management of the Axel Springer Group that are based on the corporate constitution.

Moreover, Axel Springer has established guidelines for 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 (Grundsätze des Pressekodex des Deutschen Presserats). They 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 guidelines thus represent the framework for independent and critical journalism in the editorial departments of all media belonging to the Group. The editors-in-chief are responsible for observing and implementing the guidelines in the company's day-to-day activities.

In addition, Axel Springer has developed a catalog of social standards. This International Social Policy explains the company's position on matters of human rights, adherence to the rule of law, the protection of children and young people, the treatment of employees, health, safety, and the compatibility of work and family, among other things. The International Social Policy is available for download at www.axelspringer.com/socialpolicy_en.

Furthermore, the company has issued an environmental guideline, comprising four points, which serves as a practical guide to the many environmental protection measures conducted at Axel Springer. The complete guidelines can be found at www.axelspringer.com/guidelines.

Additionally in financial year 2010, Axel Springer established a separate department for Governance, Risk & Compliance. This department is responsible for topics such as risk management, the internal control system, and compliance management. As described in the Risk Report (see page 70), risk management and the internal control system seek to identify risks throughout the company and to systematically monitor the measures implemented to minimize risks. At Axel Springer, compliance means the fulfillment of all laws, regulations, and guidelines, as well as the commitments undertaken voluntarily. Based on the foregoing, the goal of compliance management is to institute structures and processes to ensure that all directors and employees, and especially senior executives, conduct themselves in accordance with applicable laws and regulations. Another goal of compliance management is to prevent harm to the company's reputation and financial condition that could result from violations of laws and regulations.

As another step to strengthen sound corporate governance and establish an appropriate compliance management program, Axel Springer published a Code of Conduct in financial year 2011. The Code of Conduct summarizes the existing corporate principles and values, along with appropriate guidelines, and specifies the ethical, moral, and legal requirements to be observed by all employees. The Code of Conduct can be found at www.axelspringer.de/coc.

Procedures of the Management Board and Supervisory Board and the composition and procedures of the committees of the Supervisory Board

Cooperation between the Management Board and Supervisory Board

In accordance with the legal requirements, management and supervision at Axel Springer are conducted on the basis of a dual management system. The Management Board manages the company under 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 sustainably enhance the company's value. The two boards are strictly separated in terms of personnel and their areas of authority.

Procedures of the Management Board

In its executive function, the Management Board is obligated to pursue the interests of the company and dedicated to sustainable company development. It develops the strategic orientation of the company and is responsible for its implementation in coordination with the Supervisory Board. The Management Board manages the company's affairs in compliance with the relevant laws, the Articles of Incorporation, and its rules of procedure.

It provides regular, timely, and comprehensive information to the Supervisory Board on all relevant matters of strategy, planning, business development, risk management including the risk situation, and the internal control system and compliance management system. In accordance with the rules of procedure adopted by the Supervisory Board, important decisions of the Management Board require the approval of the Supervisory Board. Such decisions include, above all, the creation or discontinuation of business divisions, the acquisition or sale of significant equity investments, and the adoption of the company's annual business and financial plan.

The members of the Management Board are jointly responsible for the management, work together collegially, and keep each other informed of important measures and business transactions in their business divisions. Notwithstanding the general responsibility of all Management Board members, each member of the Management Board manages the business division assigned to him, under his own responsibility, with the exception of those decisions that are incumbent on the full Management Board.

The Management Board meets regularly in the form of Management Board meetings, which are convened and chaired by the Management Board Chairman, as a general rule. Furthermore, every Management Board member and the Chairman of the Supervisory Board is entitled to convene a meeting. As a general rule, the full Management Board adopts resolutions by a simple majority of the votes cast; in case of a tie, the Management Board Chairman casts the deciding vote, to the extent legally permissible. No resolution adopted in spite of being opposed by the Management Board Chairman shall be carried out until the Supervisory Board decides the issue, also subject to the limits of the applicable laws.

The rules of procedure adopted by the Supervisory Board for the Management Board provide more precise rules, including the following:

- The obligation to observe and comply with the corporate constitution and to anchor it throughout the Group
- The executive organization chart and the decisions to be made by the full Management Board
- The duties of the Chairman of the Management Board
- Transactions that require the approval of the Supervisory Board
- Rules concerning the regular, timely, and comprehensive provision of information to the Supervisory Board,
- Rules concerning meetings and the adoption of resolutions
- The obligation to disclose conflicts of interest.

Following the retirement, effective at the end of 2011, of Mr. Rudolf Knepper, who had been the Management Board member in charge of Printing, Logistics, and Personnel and the Vice Chairman for many years, and the appointment of Jan Bayer and Ralph Büchi to the Management Board, both with effect from January 1, 2012, the **Management Board** is now composed of five members:

- Dr. Mathias Döpfner, Management Board Chairman
- Jan Bayer, Management Board member in charge of WELT Group and Printing
- Ralph Büchi, Management Board member in charge of International Business
- Lothar Lanz, Management Board member in charge of Personnel, Finance and Services
- Dr. Andreas Wiele, Management Board member in charge of BILD Group and Magazines

Procedures of the Supervisory Board

The Supervisory Board is composed 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 advises the Management Board and monitors the work of the Management Board. It holds at least four meetings 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. As a general rule, the Supervisory Board adopts resolutions by a simple majority of the members voting on the resolution; in case of a tie, the Management Board Chairman casts the deciding vote. The Supervisory Board deliberates on the company's business developments, planning, strategy, and significant capital expenditures at regular intervals. The Supervisory Board adopts the separate financial statements of Axel Springer AG and approves the consolidated financial statements of the Group. It regularly assesses the efficiency of its work by means of a questionnaire. Please refer to the report of the Supervisory Board (page 97) for additional information on the activities of the Supervisory Board in financial year 2011.

The rules of procedure of the Supervisory Board comply with the requirements of the German Corporate Governance Code and contain rules covering the following, among other things:

- The election and duties of the Chairman and Vice Chairman of the Supervisory Board
- Calling of meetings
- The adoption of resolutions at meetings or by way of written correspondence, telephone calls, telexes, or other means of telecommunications
- The obligation to disclose conflicts of interest.

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
- Dr. Nicola Leibinger-Kammüller
- Prof. Dr. Wolf Lepenies
- Michael Lewis
- Dr. Michael Otto

The Chairman of the Supervisory Board, Dr. Giuseppe Vita, who is simultaneously the Chairman of the Audit Committee, amongst other things satisfies the requirements of expert knowledge and independence within the meaning of Section 100 (5) AktG (financial expert).

The terms of office of the current members of the Supervisory Board will expire upon the conclusion of the annual shareholders' meeting in 2014.

Composition and procedures of committees

The Management Board has not formed committees.

In accordance with its rules of procedure, the Supervisory Board has formed four committees to support the work of the full board: the Executive Committee, the Personnel Committee, the Nominating Committee, and the Audit Committee. In those matters stipulated in the rules of procedure of the Supervisory Board, the committees prepare the resolutions to be adopted and other matters to be addressed by the full board. Within the limits of applicable laws, the committees also adopt resolutions in lieu of the full board in those matters stipulated in the rules of procedure of the Supervisory Board. The rules of procedure of the Supervisory Board stipulate the procedures for meetings and resolutions adopted by the committees and define their areas of responsibility. In connection with the actions for nullification of resolutions adopted by the annual shareholders' meetings in 2008 to 2010, which have been pursued by the shareholder Dr. Oliver Krauß, the Supervisory Board formed a committee that was charged with adopting a resolution on a possible settlement with Dr. Oliver Krauß. Due to the failure of the settlement negotiations, however, the committee did not meet or adopt resolutions in 2011.

Please refer to the Report of the Supervisory Board (page 97 ff.) for information on the areas of responsibility and composition of the committees.

The Chairman of the Audit Committee, Dr. Giuseppe Vita, satisfies the requirements for expert knowledge and independence within the meaning of Section 107 (4) in conjunction with Section 100 (5) AktG (financial expert), as well as the requirements set forth in the recommendation in No. 5.3.2 (2) DCGK.

Further information on corporate governance

Goals for the composition of the Supervisory Board

In its meeting of October 14, 2010, the Supervisory Board resolved and confirmed the following goals for its composition, in view of Section 5.4.1 DCGK:

- The Supervisory Board of Axel Springer AG should be composed in such a way that its members generally possess all knowledge, abilities, and professional experience necessary to perform the duties of the Supervisory Board.
- With due consideration given to the company's business object and purpose, the size of the company, and the relative importance of its international activities, the Supervisory Board will strive, as a goal for the upcoming regular elections, to bring about a composition of its members that is appropriate in view of the following considerations, in particular:
  - At least two seats on the Supervisory Board should be held by persons who fulfill the criterion of internationality to a particular degree (for example, by reason of relevant experience in international business).
  - Supervisory Board members should not hold any position on a board or perform any consulting work for important competitors of the company.
  - The Supervisory Board should have an adequate proportion of women. Currently, two of the nine members (22.2 %) are women; the Supervisory Board considers this adequate in any event.
- In making nominations, due consideration should be given to the general rule that Supervisory Board members should not be older than 72 years; the Supervisory Board can approve exceptions to this policy. Furthermore, the Supervisory Board should observe the principle that as few members as possible should be subject to a potential conflict of interest, as in connection with an advisory role or board seat with significant customers, suppliers, creditors, or other significant business partners of Axel Springer. Furthermore, the Supervisory Board should give due consideration to the principle that its composition should meet the criterion of diversity.

The foregoing principles have already been completely implemented with the current composition of the Supervisory Board of Axel Springer AG.

Goals for the composition of Management Board

Also in its meeting of October 14, 2010, the Supervisory Board adopted the following goals for the composition of the Management Board, in view of Section 5.1.2 DCGK:

- In making decisions concerning the composition of the Management Board, the Supervisory Board should give due consideration to the principle of diversity and should strive in particular to give appropriate consideration to women.

- The Supervisory Board should work together with the Management Board to assure long-term succession planning.

- At the time of being (re-)appointed to the Management Board, no member should be older than 62, as a general rule; the Supervisory Board can approve exceptions to this rule.

In appointing the two new Management Board members Messrs. Jan Bayer and Ralph Büchi effective January 1, 2012, the Supervisory Board gave due consideration to the principles mentioned above and appointed the best-suited candidates, in its opinion.

Goals of the company concerning the appointment of key positions

In view of the recommendation set forth in Section 4.1.5 DCGK, reference is made to the description of personnel policies designed to assure equal opportunity and diversity on page 31 of this Annual Report.

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 generally 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. Axel Springer AG also designates a voting proxy whom shareholders can elect to execute their voting rights according to their instructions. All required reports and documents are made available to the shareholders in advance, also on the company's Internet page.

The annual shareholders' meeting resolves specifically on the utilization of the distributable profit, the ratification of the actions of the Management Board and Supervisory Board, the election of the Supervisory Board, the election 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/articlesofassociation.

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 from, or grant unjustified benefits to, third parties in connection with their activities, either for their own benefit or for that of others. Sideline activities of the Management Board require the consent of the Supervisory Board. 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. No Management Board member had a conflict of interest in 2011.

Likewise, each member of the **Supervisory Board** must disclose such conflicts to the Supervisory Board immediately; the Supervisory Board reports to the annual shareholders' meeting on any conflicts of interest and how they are handled (see the Report of the Supervisory Board, page 99, for information on conflicts of interest that arose in 2011).

Memberships on other supervisory bodies

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 on page 172.

Transparency

Axel Springer is committed to always providing comprehensive, timely – and simultaneously – 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. Reporting on the business situation and Group results is presented 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. Axel Springer also regularly participates in conferences and roadshows in key international financial centers; additional information on this subject can be found on page 27 of this Annual Report. 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.

In order to ensure equal treatment of all capital market participants, Axel Springer also publishes information relevant to the capital markets simultaneously in the German and English languages on the company's Internet page. Financial reporting dates are published in the financial calendar with sufficient advance notice. Immediately upon receiving the corresponding notices, the company publishes 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 (Wertpapierhandelsgesetz, 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.

Shareholdings

The Management Board members in office at the reporting date directly or indirectly held 1,436,956 shares of Axel Springer AG at the reporting date of December 31, 2011. Of that number, 1,246,692 shares were held directly by the Chairman of the Management Board, Dr. Mathias Döpfner, and indirectly via Brilliant 310. GmbH.

At the reporting date, the Supervisory Board members directly or indirectly held a total of 61,023,894 shares of Axel Springer AG. Dr. h. c. Friede Springer held 51,000,030 shares indirectly via Friede Springer GmbH & Co. KG and Axel Springer Gesellschaft für Publizistik GmbH & Co, and 6,926,940 shares directly. Michael Lewis indirectly held an additional 3,063,924 shares through Good Media Investment Holdings S.à.r.l.

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 consolidated financial statements are prepared by the Management Board of Axel Springer AG and audited by the independent auditor. Axel Springer publishes the consolidated financial statements within 90 days and the quarterly reports within 45 days of the respective period ending dates.

The notes to 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.

In accordance with the German Corporate Governance Code, it is agreed with the independent auditor in each financial 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 is also agreed that the independent will immediately report any material issues, matters, and events arising during the course of the audit that fall within the purview of the Supervisory Board. It is further agreed that the independent auditor will inform the Supervisory Board or make an observation in the audit report if the independent auditor were to 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.

Ongoing actions for nullification

In the years 2005 to 2007, the shareholder Dr. Oliver Krauß contested various resolutions adopted by the respective annual shareholders' meetings of the company. All of the suits were unsuccessful with the exception of the action to nullify the resolutions ratifying the actions of the Management Board at the regular annual shareholders' meeting of 2006, which were then repeated by the regular annual shareholders' meeting of 2010. There follows a report on the currently ongoing proceedings.

On May 20, 2008, Dr. Oliver Krauß filed an action to nullify the resolutions of the annual shareholders' meeting of April 24, 2008 relating to Agenda Item 2 (Utilization of the retained earnings), Agenda Item 3 (Ratification of the actions of the Management Board), and Agenda Item 4 (Ratification of the actions of the Supervisory Board), as well as 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. On March 17, 2009, the Berlin Regional Court rejected both suits in their entirety. The plaintiff Dr. Oliver Krauß filed an appeal of this ruling with the Berlin Appellate Court (Case No. 23 U 63/09), which for its part was denied in its entirety by a ruling dated May 3, 2010. Thereupon, the plaintiff filed an appeal against the judgment of the Berlin Appellate Court and an appeal against denial of leave to appeal with the Federal Supreme Court, where the proceeding is pending under Case No. II ZR 122/10.

On May 21, 2009, Dr. Oliver Krauß filed an action to nullify the resolution of the annual shareholders' meeting of April 23, 2009 relating to 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) and contested the election of Dr. h. c. Friede Springer and Brian Powers to the Supervisory Board of the company (Agenda Item 8). Moreover, Dr. Oliver Krauß petitioned for a finding that the company is obligated to provide him, in his capacity as a shareholder, a transcript of those portions of the "stenographic minutes from its question recording and question answering system" that cover his questions and comments, as well as the information provided by the company in response. The shareholders SCI AG and Oliver Wiederhold joined the action on the side of the defendant. The Berlin Regional Court rejected the suit in its entirety by judgment dated June 10, 2010 (Case No. 95 O 52/09), that is, both with regard to the action to nullify, as well as the petition for a finding. Dr. Oliver Krauß filed an appeal against this decision before the Berlin Appellate Court; the appeal proceeding is being conducted under Case No. 23 U 125/10.

On May 21, 2010, Dr. Oliver Krauß filed an additional action to nullify the resolutions of the annual shareholders' meeting of April 23, 2010 relating to ratification of the actions of the Management Board and the Supervisory Board for financial year 2009 (Agenda Items 3 and 4), as well as the general authorization to purchase and use the company's own shares according to Section 71 (1) (8) AktG and to exclude the preemptive right, and the 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 and to exclude the right to tender and preemptive right (Agenda Items 6 and 7). This action is pending before the Berlin Regional Court under Case No. 105 O 53/10. The shareholder Frank Scheunert and Gastro Beteiligungs AG joined this action on the side of the defendant. After an oral proceeding that was held on April 6, 2011, the date of March 7, 2012, has been set for another oral proceeding.

Compensation Report

Axel Springer's compensation policy follows the principle of granting compensation to the Management Board and Supervisory Board that is based on their performance in the interest of sustainable corporate development. This compensation consists of fixed and variable performance-dependent components.

Management Board

In accordance with the requirements of the German Stock Corporation Act and the recommendations of DCGK, the compensation of the Management Board members consists of fixed and variable components. The variable compensation is composed of a cash component paid in the form of an annual bonus and a long-term, stock-based component. All components of compensation are appropriate, both individually and as a whole. The criteria used to determine appropriateness are the tasks of the individual Management Board member, his personal performance, as well as the economic situation, profit, and the future prospects of Axel Springer.

Due consideration is also given to the industry environment. No external compensation experts were consulted in 2011.

The **fixed compensation** corresponds to the annual fixed salary; in addition, the Management Board members receive a company car or company car allowance and security expenses as fringe benefits. The annual fixed salary is established for the entire term of an employment agreement and is disbursed in 12 monthly installments. It is set on the basis of the duties of the individual Management Board member, the current economic situation, the profit, and the future prospects of the Group, among other considerations.

The **variable compensation** in the form of a cash component paid in the form of an annual bonus is limited in its maximum amount and is set according to the performance of the individual in the context of individual goals (including quantitative divisional goals and qualitative individual goals aligned with the strategy of Axel Springer AG) as well as corporate goals. For financial year 2011, the corporate goals were Group EBITDA, the index of Group customer satisfaction, and EBITDA in the Digital Media segment; for financial year 2012, the determining corporate goals will be Group EBITDA and the EBITDA of the Digital Media segment. The Supervisory Board adopts both the goals applied for measuring individual performance and the corporate goals. Goal achievement is determined initially by the Supervisory Board Chairman, in consultation with the respective Management Board member, and is then resolved by the Supervisory Board. In the case of Management Board members whose employment contracts were either amended or concluded anew, or extended in the time since the Act on the Appropriate Compensation of Management Board Members (VorstAG) became effective on August 5, 2009, a portion of the variable cash compensation is determined on the basis of fulfillment of the corporate goals adopted for an appraisal period of three years.

In addition, Management Board members receive a **long-term variable compensation component** in the form of virtual stock option plans that were introduced in 2009 (referred to hereinafter as the Virtual Stock Option Plan 2009) and as of January 1, 2012 (referred to hereinafter as the Virtual Stock Option Plan 2012).

Under the Virtual Stock Option Plan 2009, a total of 1,125,000 (before the share split: 375,000) **virtual stock options** were issued, effective July 1, 2009; under the Virtual Stock Option Plan 2012, a total of 450,000 virtual stock options were issued, effective January 1, 2012. In both cases, the virtual stock options have a term of six years and can be exercised at the earliest after four years. If the Management Board employment contract or appointment to the Management Board remains in effect at least until the expiration of the four-year vesting period, all virtual stock options granted to the Management Board member can become vested. If the respective Management Board member resigns prior to this time, a pro-rated number of the virtual stock options granted to him will become vested, in proportion to the four-year waiting period, unless the termination occurs on or before the first calendar day of the year in which the respective virtual stock options were issued. In that case, the affected virtual stock options will be forfeited without replacement or compensation. Another precondition for vesting is the achievement of a performance or outperformance target related to the share price of the Axel Springer share. The stock options can only be exercised if the average price of the Axel Springer share during a period of 90 calendar days prior to exercise is at least 30 % higher than the baseline values (Virtual Stock Option Plan 2009: € 20.29 (before the share split: € 60.86); Virtual Stock Option Plan 2012: € 30.53) and if the percentage increase in the price of the Axel Springer share is greater than the appreciation of the DAX stock index over the same period. Each stock option grants the right to payment of an amount equal to the appreciation of the Axel Springer share, but not to exceed 200 % of the baseline value (Virtual Stock Option Plan 2009: € 40.57 (before the share split: € 121.72); Virtual Stock Option Plan 2012: € 61.06); this amount is the difference between the volume-weighted average share price during the last 90 calendar days prior to exercising the stock options and the baseline value. Management Board members are obligated to hold one share of Axel Springer AG for every ten stock options as a personal investment. If they were to dispose of these shares prior to exercising the options, the stock options will be forfeited at the rate of one share for each ten stock options. The value of the virtual stock options at the grant date in 2009 was € 4.7 million. The value of the virtual stock options at the grant date in 2012 was € 2.4 million. For additional information on the Virtual Stock Plans 2009 and 2012, please refer also to the disclosures in the notes to the consolidated financial statements, in Section (12).

A majority of Management Board members have received contractual pension commitments. Payment of the pension commences upon reaching age 62, if the Management Board member is no longer in office at this time. In case of premature departure, a Management Board member who has been employed with the company for five years has a vested claim to a pension payment proportional to the length of his employment with the company. Payments are also provided for in case of a complete reduction in earning capacity.

Some Management Board members have the right to terminate their service contracts due to a change in control. They then 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. Furthermore, the company will pay the pro-rated percentage of the success-based compensation 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 compensation system for the Management Board and the significant contractual elements were reviewed again by the full Supervisory Board in 2011. In accordance with the recommendation of the Personnel Committee, this review yielded the result that the Management Board compensation system complies with applicable laws and regulations, and particularly that it is also appropriate. In drawing that conclusion, the Supervisory Board took care to ensure that employment contracts that were amended and/or concluded anew, or extended after the Act on the Appropriateness of Management Board Compensation (VorstAG) entered into effect, stipulate that a portion of the variable cash component is determined on the basis of a three-year appraisal period. The Supervisory Board is convinced that the Management Board compensation system is geared to the sustainable development of the company.

The total compensation granted to the Management Board in **financial year 2011** amounted to € 17.0 million (PY: € 17.9 million). The fixed compensation amounted to € 8.7 million (PY: € 8.7 million); that amount also includes the amounts for fringe benefits (company car and security expenses). The total variable compensation amounted to € 8.3 million (PY: € 9.2 million). Accordingly, the fixed compensation, including fringe benefits, represented 51 % of the total compensation granted in 2011 (PY: 49%).

As in the prior year, no long-term variable compensation components were granted in the form of stock-based compensation in financial year 2011.

To cover the company's pension obligations to Management Board members, pension provisions were increased by an amount of € 0.8 million in 2011 (PY: € 1.2 million). No loans or advances were granted to members of the Management Board in financial year 2011.

Axel Springer AG does not disclose the total compensation of individual Management Board members by name, given that Sections 314 (2) and 286 (5) HGB expressly place the disclosure of Management Board compensation by name under the reservation of a differing resolution of the annual shareholders' meeting with a qualified majority of the share capital represented upon the adoption of the resolution. The annual shareholders' meeting of Axel Springer AG held on April 23, 2010, adopted such a resolution with the requisite majority. The reason for is that Axel Springer AG's competitors do not disclose itemized compensation either.

Supervisory Board

The compensation of the Supervisory Board is set by the annual shareholders' meeting; it is regulated in Article 16 of the Articles of Incorporation of Axel Springer AG. Accordingly, the compensation is comprised of fixed and variable components. The Supervisory Board receives a fixed annual compensation of € 2.0 million. In addition, the Supervisory Board receives an additional compensation of € 3 thousand for every cent (€ 0.01) by which the dividend per share distributed to the shareholders exceeds € 0.05, 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 financial year (based on the share of the company's shareholders in consolidated net income) exceeds the basic earnings per share of the third previous financial year, calculated in the same manner – with due consideration given, where applicable, to the re-apportionment of share capital resolved by the annual shareholders' meeting of April 14, 2011 – by 15 % or more. For financial years in which positive consolidated profits cannot be applied as a reference benchmark, an amount of € 1.00 per share shall apply as the reference benchmark for calculating the increase in annual profits. For financial years with a net consolidated loss, only the fixed compensation of € 2.0 million will be paid. The Supervisory Board decides how the aforementioned amounts are distributed among its members, with appropriate consideration given to their activities as chairman and in the committees.

For **financial year 2011**, the Supervisory Board received total compensation of € 2.5 million (PY: € 2.8 million). The variable components of this compensation amounted to € 0.5 million (PY: € 0.8 million) and was based completely (PY: in the amount of € 0.5 million), on the dividend proposal of the Management Board and Supervisory Board, and is therefore subject to the adoption of the corresponding resolution by the annual shareholders' meeting. No further variable compensation was granted for financial year 2011. In the prior year, the variable compensation had contained an amount of € 0.3 million because the basic earnings per share in financial year 2010 had exceeded the basic earnings per share of financial year 2007, calculated in the same manner, by 15 % or more.

In addition, the company reimburses all members of the Supervisory Board for their expenses and for the value added taxes payable on their compensation. The company pays the premium for the D&O insurance taken out for members of the Supervisory Board. One member of the Supervisory Board is paid an annual salary of € 0.1 million for his services as an author.

Contrary to Section 5.4.6 sentences 6 and 7 of the German Corporate Governance Code, the compensation paid to members of the Supervisory Board, as well as the compensation paid by the company to them for services rendered personally, are not presented in the Corporate Governance Report, since Axel Springer AG's competitors do not disclose such information either.

Share-based compensation of senior executives

In addition to the Virtual Stock Option Plans 2009 and 2012 for Management Board members, Axel Springer also introduced a virtual stock option plan for selected senior executives in 2011 (referred to hereinafter as the Virtual Stock Option Plan 2011).

Effective October 1, 2011, a total of 945 thousand virtual stock options were granted to senior executives of Axel Springer AG, with each beneficiary receiving stock options under Tranche A and stock options under Tranche B. The virtual stock options under Tranche A have a term of four years, that is, until September 30, 2015, and can be exercised at the earliest after two years, that is, on October 1, 2013. The virtual stock options under Tranche B have a term of six years, that is, until September 30, 2017, and can be exercised at the earliest after four years, that is, on October 1, 2015.

Provided that the beneficiary is employed by the company at least until the expiration of the respective vesting period, all virtual stock options may become vested. If the employment relationship is terminated before the expiration of the respective vesting period, but after the lapse of one year of the vesting period, one half of the virtual stock options granted under Tranche A will become vested; one fourth of the virtual stock options granted under Tranche B become vested upon the lapse of each year of the vesting period. They will not become vested if the beneficiary resigned without reasonable cause or if Axel Springer AG or an affiliated company terminated the employment relationship with reasonable cause; in such cases, all virtual stock options will be forfeited. Another precondition for vesting is the achievement of a performance or outperformance target related to the share price of the Axel Springer share.

The stock options can only be exercised if the average price of the Axel Springer share during a period of three months prior to being exercised is at least 30 % higher than the baseline values of € 30.00 for Tranche A and € 35.00 for Tranche B, and if the percentage increase in the price of the Axel Springer share is greater than the appreciation of the DAX stock index over the same period. Each stock option grants the right to payment of an amount equal to the appreciation of the Axel Springer share, but not in excess of a defined maximum amount (€ 60.00 for Tranche A, € 70.00 for Tranche B); this amount is the difference between the volume-weighted average share price during the last three months prior to exercising the stock options and the baseline value. The first day of the month determines the beginning and end of the corresponding period.

Beneficiaries are obligated to hold one share of Axel Springer AG for every ten stock options as a personal investment. Disposing of these shares prior to exercising the options would result in the stock options being forfeited at the rate of one share for each ten stock options. The total value of the Virtual Stock Option Plan 2011 at the grant date was € 2.4 million. For more information on the Virtual Stock Option Plan 2011 for selected senior executives, see also the disclosures in the notes to the consolidated financial statements, Section (12).

Report of the Supervisory Board

Dear Shareholders,

In financial year 2011, the Supervisory Board performed all the duties incumbent upon it by virtue of applicable laws, the company's Articles of Incorporation, and internal rules of procedure. In the spirit of sound corporate governance, the Supervisory Board worked closely and trustfully with the Management Board in an advisory role and supervised the management of the company. The Management Board informed the Supervisory Board in detail, regularly and promptly, both in writing and orally, about the company's situation and development, important business transactions, as well as the risk management system, the Internal Control System (ICS), and the compliance management system. 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 information and consultation meetings on a regular basis. It was not necessary in financial year 2011 for the Supervisory Board to inspect company books and documents beyond those presented during the normal course of reporting by the Management Board.

The Supervisory Board discussed with the Management Board all matters of crucial importance for the company, especially the company's business plan, the implementation of the company's business strategy, large capital expenditure projects, and personnel matters. Furthermore, the Supervisory Board discussed important specific transactions of significance to the company's future development and adopted resolutions on those transactions and measures for which the participation 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.

The Supervisory Board held a total of five meetings in 2011, three of which in the first half and two in the second half of the calendar year. All members of the Supervisory Board attended at least three of these meetings. When necessary, Supervisory Board resolutions were adopted by way of written circulation.

Composition of the Supervisory Board

At the annual shareholders' meeting of April 14, 2011, Dr. Nicola Leibinger-Kammüller was elected to the Supervisory Board at the proposal of the Supervisory Board, which was based on the recommendation of the Nominating Committee of the Supervisory Board. Dr. Nicola Leibinger-Kammüller is the Chairwoman of the Management Board of TRUMPF GmbH + Co. KG, Ditzingen. She had initially been appointed to the Supervisory Board of Axel Springer AG by resolution of the Charlottenburg Local Court of July 13, 2010, for a limited term of office until the regular annual shareholders' meeting in 2011, as the successor to Brian Powers, who had resigned from the Supervisory Board in May 2010. Her term of office now ends upon the closing of the annual shareholders' meeting in 2014.

Significant matters addressed by the Supervisory Board

In its meeting of **February 2, 2011**, the Supervisory Board discussed and approved the financial plan 2011 submitted by the Management Board. It also discussed and duly noted and approved the Management Board's plan to conduct a share split (which was realized in April 2011 by a resolution of the annual shareholders' meeting). The Management Board informed the Supervisory Board of the preliminary numbers concerning the company's business performance in financial year 2010, and reported on the company's plan to acquire the French company SeLoger.com S.A., and presented a status report on the latest developments in the rotogravure market. The Supervisory Board also discussed the development of the company's value in the years from 1985 to 2010, on the basis of a Management Board presentation. It also resolved to extend the term of office of a Management Board member and extend the Management Board employment contract accordingly.

In its meeting of **March 1, 2011**, the Supervisory Board devoted its attention primarily to the separate financial statements of the parent company and the consolidated financial statements of the Group at December 31, 2010 (including, in each case, the management report and Group management report), as well as the report on the company's dealings with affiliated companies (Dependency Report), the Management Board's profit utilization proposal for financial year 2010, and the Corporate Governance Report issued jointly with the Management Board. Based on a recommendation of the Audit Committee, it also discussed the proposal for the election of the independent auditor for financial year 2011, to be submitted to the annual shareholders' meeting. The Supervisory Board also discussed the agenda for the annual shareholders' meeting in 2011 and adopted a resolution on the report for financial year 2010 to be submitted to the annual shareholders' meeting and on the updated version of the Declaration of Conformity that was published on November 8, 2010. The Management Board also reported to the Supervisory Board on the status of plans to acquire SeLoger.com S.A. and to purchase a majority interest in Juno Internet GmbH (kaufDA). The Supervisory Board also adopted a resolution of the (re-)appointment of a Management Board member and the corresponding extension of his Management Board employment contract. On March 14, 2011, the Supervisory Board adopted a resolution by way of written circulation to approve the share ownership plan for employees with target agreements or profit-sharing bonuses, which was implemented in financial year 2011.

In its meeting of **April 14, 2011**, directly preceding the annual shareholders' meeting 2011, the Supervisory Board discussed the upcoming annual shareholders' meeting. In addition, the Management Board reported to the Supervisory Board on the company's business performance in the first quarter of the financial year.

In its meeting of **July 1, 2011**, the Supervisory Board appointed Jan Bayer and Ralph Büchi to the company's Management Board, effective January 1, 2012 in both cases, in view of the expiration of the Management Board appointment of Rudolf Knepper upon the close of December 31, 2011. Jan Bayer is responsible for the Management Board division WELT Group and Printing; Ralph Büchi is responsible for International Business. In addition, the Supervisory Board extended the term of office of another Management Board member and resolved the corresponding extension of his Management Board employment contract. The Management Board reported to the Supervisory Board on the formation of Axel Springer Pensionstreuhand e. V. in connection with the conclusion of a Contractual Trust Agreement to permanently secure the company's pension liabilities, and on the acquisition of M4N, a leading Dutch full-service provider of affiliate marketing solutions, by ZANOX.de AG, and on the status of the company's investment in Doğan TV Holding A.S., Turkey, and the company's business performance in the months of January to May of the current financial year. The Management Board also informed the Supervisory Board about the status of the actions for nullification of resolutions of the annual shareholders' meetings in the years 2008, 2009, and 2010, which have been filed against the company by the shareholder Dr. Oliver Krauß, and about the suggestion of the Berlin Regional Court to conduct settlement negotiations with Dr. Oliver Krauß.

In its meeting of **November 4, 2011**, the Supervisory Board primarily discussed the business strategy of Axel Springer AG since 2002, which has been to pursue profitable growth on the basis of the strategic goals of extending the company's market leadership position in the German-language core business and pursuing internationalization and digitization, on the basis of a comprehensive presentation by the Management Board. The Management Board also reported to the Supervisory Board on the development of key acquisitions since 2006, particularly in the Digital Media segment, and on the development of the eastern Europe joint venture Ringier Axel Springer Media AG. The Supervisory Board also adopted a resolution on the Declaration of Conformity for 2011. Furthermore, the Supervisory Board conducted a self-evaluation on the basis of questionnaires;

after discussing the results of the questionnaires completed by the Supervisory Board members, it concluded that the Supervisory Board continues to work in an efficient manner. The Supervisory Board also reviewed the Management Board compensation system and concluded that it fulfills the legal requirements and particularly also that it is appropriate and suitable for promoting the sustainable development of the company's business. In addition, the Supervisory Board heard reports on the company's business performance in the months of January to September 2011, among other matters; it also noted the recommended non-trading periods for shares of Axel Springer AG in calendar year 2012, preceding the publication of the annual financial statements and the quarterly results. Based on the recommendation of its Executive Committee, finally, the Supervisory Board adopted a new executive organization chart for the Management Board, to take effect as of January 1, 2012. Please refer to page 38 for information on the organization of Management Board divisions after that date. In addition, the Supervisory Board adopted a resolution on the Management Board employment contracts to be concluded with the newly appointed Management Board members Jan Bayer and Ralph Büchi, both effective as of January 1, 2012 and including, in both cases, the granting of a long-term share-based compensation component in the form of virtual stock options as per the Virtual Stock Option Plan 2012 (please refer to page 93 for more information on this subject).

Conflicts of interest

The following potential conflict of interest arose on the Supervisory Board in financial year 2011: In the meeting of March 1, 2011, the Management Board informed the Supervisory Board about the upcoming acquisition of a majority interest in Juno Internet GmbH (kaufDA), which had been previously approved by the Executive Committee. Before the corresponding agenda item was taken up, the Supervisory Board member Dr. Michael Otto left the meeting room in order to avoid the appearance of a possible conflict of interest, because the Otto Group was one of kaufDA's original financial investors that sold its shares to Axel Springer AG in connection with the acquisition of a majority interest by Axel Springer AG.

Corporate Governance

The Management Board and Supervisory Board issued their joint Declaration of Conformity pursuant to Section 161 AktG at the beginning of November 2011. The declaration has been made permanently accessible on the company's website. Axel Springer AG adheres to nearly all the recommendations of the German Corporate Governance Code.

The Declaration of Conformity of November 2011 containing justifications of the few exceptions to the recommendations of the German Corporate Governance Code is presented on page 85 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 (see page 85).

Work of the committees of the Supervisory Board

In the interest of performing its duties in an efficient manner, the Supervisory Board has formed an Executive Committee, a Personnel Committee, an Audit Committee, and a Nominating Committee as permanent committees. The Chairman of the Supervisory Board chairs the meetings of the committees and reports to the Supervisory Board on the work of the committees in the next meeting of the Supervisory Board. In connection with the actions for nullification of resolutions of the annual shareholders' meetings in the years 2008, 2009, and 2010, which have been brought by Dr. Oliver Krauß, the Supervisory Board also formed a committee that was charged with the task of adopting a resolution in lieu of the Supervisory Board on a possible settlement with Dr. Oliver Krauß. This committee was composed of Dr. Giuseppe Vita, Klaus Krone, and Dr. Gerhard Cromme. However, settlement negotiations with Dr. Oliver Krauß ended unsuccessfully in early August of financial year 2011, and the Berlin Regional Court was notified of that fact. Therefore, the committee did not meet or adopt resolutions in the financial year 2011.

Notwithstanding the general responsibility of the full Supervisory Board, the **Executive Committee** is responsible for fundamental matters related to publishing and journalism and for matters of strategy, financial planning, capital expenditures, and the financing of capital expenditures. It is also responsible for preparing decisions on the organization of the Management Board, the approval of sales of registered shares of Axel Springer AG and subscription rights for such registered shares, and for approving certain management actions that require the approval of the Supervisory Board, which have been delegated to the Executive Committee. The members of the Executive Committee are Dr. Giuseppe Vita, Chairman, Dr. h. c. Friede Springer, Vice Chairwoman, Dr. Gerhard Cromme, and Klaus Krone.

The Executive Committee held five meetings in financial year 2011, which were regularly attended also by the members of the company's Management Board. At these meetings, the Executive Committee discussed and adopted resolutions on various matters, including approvals to purchase a majority interest in Juno Internet GmbH (kaufDA), to enter into a profit/loss transfer and management control agreement between the company and its subsidiary WBV Wochenblatt Verlag GmbH as the dependent company, to enter into another management control and profit/loss transfer agreement between Ullstein GmbH and its subsidiary B.Z. Ullstein GmbH as the dependent company, and to annul the management control and profit-loss transfer agreement that had been in effect between the company and its subsidiary Commerz-Film GmbH as the dependent company. The Executive Committee also resolved to harmonize the process of approving sales of registered shares of Axel Springer AG with respect to corporate groups (for instance, including affiliated companies of the applicant). In addition, the Executive Committee prepared the resolution to be adopted by the full Supervisory Board on the division of responsibilities among Management Board members, effective January 1, 2012.

The Executive Committee also approved a number of other matters, including the increased offer price in connection with the takeover offer for SeLoger.com S.A., the purchase of land adjacent to the company's publishing house in Berlin, the revision of the shareholder agreement with the co-shareholders of Idealo GmbH, the successive acquisition of shares in the publishing house in Hamburg, which had previously been financed by investment funds, and the transfer of those shares to Axel Springer Pensionstreuhand e. V. or the successive transfer of the corresponding purchase rights held by the company to Axel Springer Pensionstreuhand e. V., the acquisition of Netmums Ltd. by auFeminin.com S.A., and the purchase of a majority interest (in equal parts with Mondadori) in the French automotive classified ads portal AutoReflex.com. The Supervisory Board also approved the increase in the shareholding held by SeLoger.com S.A. in iProperty, the operator of Asia's leading real estate portal, from 9.1 % to 16.1 %, the purchase of a majority interest in Visual Meta GmbH (shopping portal "Ladenzeile") and the sale of a roughly 11 % investment in Immonet GmbH, accompanied by the termination of a management control and profit/loss transfer agreement in effect between the company, as the controlling company, and Immonet GmbH, as the dependent company. The Executive Committee also adopted a resolution granting permission to transfer shares in Axel Springer AG pursuant to Article 5 para. 3 of the company's Articles of Incorporation. The Management Board reported to the Executive Committee on a number of matters, including the status of the plan to acquire SeLoger.com S.A. and the company's investment in Doğan TV Holding A.S.

The **Personnel Committee** is responsible in particular for preparing decisions on the appointment and dismissal of Management Board members. It is also responsible for preparing the resolutions to be adopted by the Supervisory Board on the compensation of individual members of the Management Board; in all other matters pertaining to employment contracts, the Personnel Committee approves resolutions in lieu of the Supervisory Board. The Personnel Committee also adopts resolutions in lieu of the Supervisory Board in matters pertaining to the extension of loans within the meaning of Sections 89, 115 AktG; the same applies to the approval of contracts with Supervisory Board members pursuant to Section 114 AktG. The responsibilities of the Personnel Committee also include representing the company in transactions with individual Management Board members. Finally, the Personnel Committee decides on the approval of the transactions requiring the approval of the

Supervisory Board, which have been delegated to the Personnel Committee. The members of the Personnel Committee are Dr. Giuseppe Vita, Chairman, Dr. h.c. Friede Springer, and Dr. Gerhard Cromme.

The Personnel Committee held four meetings in financial year 2011. Among other matters, it prepared the resolutions concerning the appointment of the new Management Board members Jan Bayer and Ralph Büchi and the setting of their compensation, including a long-term share-based compensation component, in both cases. It also prepared the resolutions to be adopted by the full Supervisory Board concerning the extension of the terms of office of various Management Board members and the associated extension of their Management Board employment contracts. The Personnel Committee also discussed the introduction of a virtual stock option program for selected senior executives of the company and the preparation of a review of the Management Board compensation system by the Supervisory Board, among other matters.

Notwithstanding the responsibility of the full Supervisory Board, the **Audit Committee** is responsible for preparing the decision on the adoption of the separate financial statements of the parent company and the approval of the consolidated financial statements of the Group, by means of conducting a preliminary review of the separate financial statements, the Dependency Report, and the consolidated financial statements, as well as the management report for the company and the management report for the Group, the review of the profit utilization proposal, and the discussion of the audit report with the independent auditor, among other matters. It is also responsible for reviewing the interim financial statements and interim reports, and for discussing the report of the independent auditor on the critical review of the interim financial statements. The responsibilities of the Audit Committee also include reviewing the risk management system and matters related to compliance. With regard to the audit of the financial statements, it is responsible for preparing the proposal of the Supervisory Board to the annual shareholders' meeting on the election of the independent auditor and the engagement of the independent auditor, and for adopting audit priorities, among other matters. The Audit Committee is composed of Dr. Giuseppe Vita, Chairman, Dr. h.c. Friede Springer, Klaus Krone, and Oliver Heine.

The Audit Committee held five meetings in 2011. It kept itself informed of the status, scope, execution, and results of the audit of the separate financial statements of the parent company and the consolidated financial statements of the Group for 2010, prepared the decisions of the Supervisory Board on the adoption of the separate financial statements and the approval of the consolidated financial statements, and reviewed the interim financial statements and interim reports for the year 2011. In addition, the Audit Committee dealt with the preparation of the resolution to be adopted by the full Supervisory Board with regard to the proposal to the annual shareholders' meeting for re-engaging the independent auditor for 2010 to audit the financial statements for 2011.

In this regard, the Supervisory Board received a written confirmation of independence from Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. In addition, the Audit Committee dealt with the audit priorities to be considered by the auditor in auditing the financial statements for 2011 and the engagement of the independent auditor, including the determination of the auditor's fee. The Audit Committee dealt intensively with the risk management system and internal control system (ICS), as well as the compliance management system, and reviewed the work of the internal audit function, including the internal audit plan for 2011.

The **Nominating Committee** prepares the proposal of the Supervisory Board to the annual shareholders' meeting on the election of Supervisory Board members; in particular, it proposes suitable candidates to the Supervisory Board, also in consideration of the diversity criteria adopted by the Supervisory Board. It develops and reviews job profiles relative to the qualifications expected of Supervisory Board members by the company, and continually adapts them to suit changing requirements. The Nominating Committee is composed of Dr. Giuseppe Vita, Chairman, Dr. h.c. Friede Springer, and Dr. Michael Otto.

The Nominating Committee held two meetings in financial year 2011. In particular, it prepared the resolution to be adopted by the Supervisory Board on the proposal to be presented to the annual shareholders' meeting on the appointment of Dr. Nicola Leibinger-Kammüller to the Supervisory Board.

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

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft 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 management report for the Group, all of which were prepared by the Management Board for financial year 2011, and issued an unqualified audit opinion in every 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 requirements of law, and that this system is generally suitable for the early detection of any developments that could endanger the company's survival as a going concern.

The aforementioned documents and the proposal of the Management Board for the utilization of the distributable profit, as well as the audit reports of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, were provided to all members of the Supervisory Board in a timely manner. The documents were discussed extensively in the presence of the independent auditor in the meetings of the Audit Committee of February 22, 2012 and March 6, 2012. At these meetings, the independent auditor reported on the principal findings of their audit. No deficiencies in the internal control and risk management system, as it relates to the financial accounting process, were noted. No circumstances that would cast doubt on the impartiality of the independent auditor arose. The independent auditor explained further the scope, priorities, and costs of the audit. Besides auditing the financial statements, the independent auditor provided other services to the company (including its affiliated companies) in the amount of € 357.0 thousand in financial year 2011.

The Audit Committee reported on the results of its examination to the full Supervisory Board. At its meeting of March 6, 2012, the Supervisory Board reviewed the documents in question, having noted and duly considered this report of the Audit Committee and the reports of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, and having discussed them with the independent auditor, who was 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, as well as the management report for the parent company and the management report for the Group, all of which were prepared by the Management Board. Accordingly, the 2011 annual financial statements of Axel Springer AG were officially adopted.

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

The Management Board also submitted its report on the company's dealings with related parties pursuant to Section 312 of the German Stock Corporations Act (AktG) to the Supervisory Board. The Supervisory Board was also in receipt of the corresponding audit report by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. Both reports were also provided to each member of the Supervisory Board in advance. 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 the report of the Management Board on the dealings with related parties pursuant to Section 312 AktG and the independent auditor's report on this subject. At the Supervisory Board meeting of March 6, 2012, the independent auditor 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 results of the audit report of the independent auditor or the Management Board's declaration on the report pursuant to Section 312 (3) AktG.

Thanks to the members of the Management Board and to all employees

Rudolf Knepper left Axel Springer at the end of 2011, after nearly 40 years of service with the company. He served on the Management Board for 17 years, during which time he earned the extraordinary appreciation and respect of his colleagues, employees and business partners for his engaging, forthright, and approachable style of communicating and negotiating. He embodied the principles of continuity, loyalty, and reliability, but he also evinced the necessary creative drive in advancing the digital transformation of our company. For that, the Supervisory Board wishes to express its heartfelt gratitude.

Finally, the Supervisory Board wishes to thank all members of the Management Board and all employees for their outstanding work in the past year.

Berlin, March 6, 2012

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
Lawyer and partner in the law firm of
Oliver Heine & Partner

Klaus Krone
Member of the Supervisory Board of Axel Springer AG

Dr. Nicola Leibinger-Kammüller
Chairwoman of the Management Board of
TRUMPF GmbH + Co. KG

Prof. Dr. Wolf Lepenies
University Professor (emer.) FU Berlin;
Permanent Fellow (emer.) at Wissenschaftskolleg
zu Berlin

Michael Lewis
Investment Manager

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

The eventful history of the Axel Springer publishing house has two focal points: Hamburg and Berlin – the Hanseatic city on the Elbe, where the company was founded, and the nation's capital, site of the corporate headquarters. It was the unwavering desire of Axel Springer that Berlin should one day actually regain its role as the capital of a reunified Germany. The road was a long and rocky one. Axel Springer himself did not live to see his life's dream become reality: he died in 1985, four years before the Wall fell. Had he lived until 2012, he would now be 100 years old. A retrospective examining the milestones of his remarkable life can be found online at meilensteine.axelspringer.de.

The following photos are intended to selectively contrast a past that was often gray with today's colorful reality. The historic images are from the archives of ullstein bild, the photo agency of Axel Springer AG.

“The Berlin Wall is an insult to all people who love or thirst for freedom.”

Axel Springer, 1976

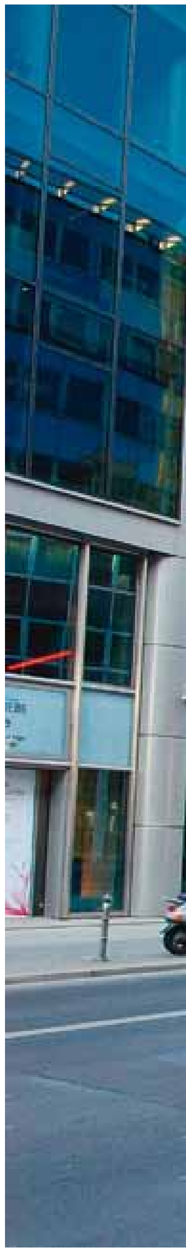
It wasn’t just the photo that was black and white, the political situation in Berlin was also gray and bleak in the summer of 1963 as Axel Springer led Prince Bernhard of the Netherlands and the Prince’s secretary to the Berlin Wall at Brandenburg Gate. It would take another 26 years until Springer’s call to “open the gate” would finally become a reality. In 2012, tourists congregate freely in front of the symbol of the German capital.

“Going to Kochstrasse meant not only entering the historic newspaper district of Berlin but also going a way to Germany.”

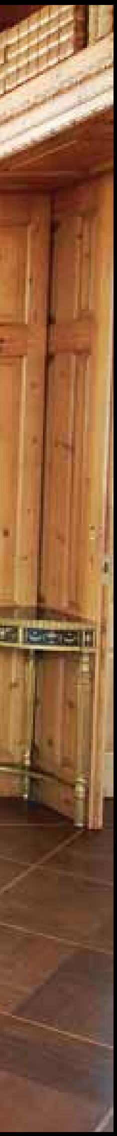
Axel Springer, 1964

On April 11, 1968, student leader Rudi Dutschke was shot and critically wounded on Berlin’s Kurfürstendamm. The gunman was Josef Bachmann, a 23-year-old housepainter from Munich, but factions of the leftist student movement put the blame on Axel Springer and his newspapers. Hundreds of demonstrators tried unsuccessfully to storm the publisher’s Kochstrasse offices. Eventually some of the company vehicles were burning.

Today, the section of Kochstrasse that includes the high-rise offices and Axel-Springer-Passage that opened in 2004 is named for Rudi Dutschke.



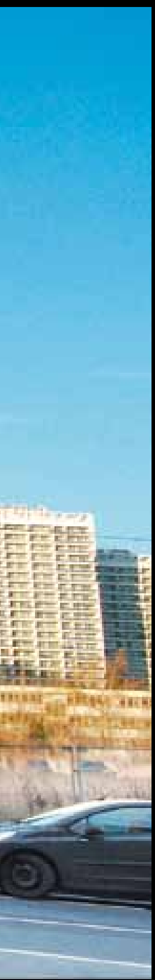

www.axelspringer.de/100



“Why should we recognize a state, which will not last forever. We have to wait. And we will succeed.“ **Axel Springer, 1969**

On June 4, 1969, U.S. television reporter Hugh Downs of NBC’s “Today Show” met with Axel Springer in the main library for an interview. One of the topics, almost as a matter of course, was the venue: the publishing house as a beacon of freedom in the shadow of the Berlin Wall. The exclusive journalist club is nearly unchanged today and remains a popular place for conversations – a reminiscence of the tradition of one of Europe’s most modern media companies.


MORGENPOST



“There is no point in building tall structures in this world unless you have an idea that rises even higher: freedom for all Germans in the heart of a peaceful Europe.” **Axel Springer, 1964**

Zimmerstrasse in a neighborhood called “Mitte” in 1990. The Wall between East Berlin (right) and West Berlin (left) is still standing, but it lost its purpose in the wake of the peaceful revolution of November 9, 1989. The buffer zone that was kept “pristine” for over 28 years has fallen into disarray, the whitewash tagged with graffiti. German unification was already a de facto reality, though it would not be formalized until October 3. In 2012, the former no man’s land has largely disappeared under new development, but some vacant lots still bear witness to the divided Berlin. Cobblestones trace the former footprint of the Wall.

Consolidated Financial Statements

Responsibility Statement

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 financial position, liquidity and financial performance 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 rewards and risks associated with the expected development of the Group.

Berlin, February 21, 2012

Axel Springer Aktiengesellschaft

Dr. Mathias Döpfner

Jan Bayer

Ralph Büchi

Lothar Lanz

Dr. Andreas Wiele

Auditor's Report

We have audited the consolidated financial statements prepared by the Axel Springer Aktiengesellschaft, Berlin, comprising the statement of financial position, the income statement, the statement of recognized income and expenses, the statement of cash flows, the statement of changes in equity, and the notes to the consolidated financial statements together with the combined management report of the Axel Springer Group and Axel Springer AG for the fiscal year from January 1 to December 31, 2011. The preparation of the consolidated financial statements and the combined management report of the Axel Springer Group and 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 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 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 report on the situation of the company Axel Springer AG and the Axel Springer Group 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 report on the situation of the Axel Springer Group and Axel Springer AG. In our opinion, our audit provides a sufficiently sound 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 IFRS 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 Axel Springer Group in accordance with these requirements. The combined management report of the Axel Springer Group and 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 22, 2012

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Plett

Wirtschaftsprüfer
[German Public Auditor]

Glöckner

Wirtschaftsprüfer
[German Public Auditor]

Consolidated Statement of Financial Position

€ millions

ASSETS	Note	12/31/2011	12/31/2010
Non-current assets		**3,308.9**	**2,569.7**
Intangible assets	(4)	1,908.1	1,115.6
Property, plant, and equipment	(5)	697.9	686.7
Investment property	(6)	52.6	54.3
Non-current financial assets	(7)	486.4	516.9
Investments accounted for using the equity method		30.6	40.7
Other non-current financial assets		455.9	476.1
Receivables from income taxes		30.9	34.2
Other assets	(10)	105.5	131.3
Deferred tax assets	(26)	27.5	30.6
Current assets		**878.5**	**1,033.5**
Inventories	(8)	28.6	27.0
Trade receivables	(9)	442.4	385.9
Receivables due from related parties	(36)	41.9	48.8
Receivables from income taxes		42.5	40.0
Other assets	(10)	79.1	95.9
Cash and cash equivalents	(29)	244.0	435.9
Total assets		**4,187.5**	**3,603.2**

€ millions

EQUITY AND LIABILITIES	Note	12/31/2011	12/31/2010
Equity	**(12)**	**1,930.8**	**1,772.6**
Shareholders of Axel Springer AG		1,694.2	1,562.4
Non-controlling interests		236.6	210.2
Non-current provisions and liabilities		**1,382.8**	**1,003.5**
Provisions for pensions	(13)	279.5	340.2
Other provisions	(14)	40.8	43.6
Financial liabilities	(15)	672.9	333.7
Trade payables		1.2	1.6
Liabilities due to related parties	(36)	9.7	11.1
Other liabilities	(16)	125.5	109.1
Deferred tax liabilities	(26)	253.3	164.3
Current provisions and liabilities		**873.9**	**827.2**
Provisions for pensions	(13)	46.9	49.2
Other provisions	(14)	143.8	150.5
Financial liabilities	(15)	44.0	22.6
Trade payables		270.9	243.7
Liabilities due to related parties	(36)	17.9	22.4
Liabilities from income taxes		47.6	66.5
Other liabilities	(16)	302.9	272.4
Total equity and liabilities		**4,187.5**	**3,603.2**

Consolidated Statement of Comprehensive Income

€ millions

Consolidated Income Statement	**Note**	**2011**	**2010**
Revenues	(18)	3,184.9	2,893.9
Other operating income	(19)	73.3	150.1
Change in inventories and internal costs capitalized		6.8	4.0
Purchased goods and services	(20)	−1,055.7	−950.6
Personnel expenses	(21)	−851.6	−792.9
Depreciation, amortization, and impairments	(22)	−138.8	−113.5
Other operating expenses	(23)	−783.9	−773.9
Income from investments	(24)	9.5	−8.2
Result from investments accounted for using the equity method		−3.5	−18.4
Other investment income		13.0	10.2
Financial result	(25)	−23.1	−31.2
Income taxes	(26)	−132.0	−103.6
Net income		**289.4**	**274.1**
Net income attributable to shareholders of Axel Springer AG		257.8	252.7
Net income attributable to non-controlling interests		31.6	21.4
Basic earnings per share (in €)	**(27)**	**2.62**	**2.73**[1]
Diluted earnings per share (in €)	**(27)**	**2.62**	**2.73**[1]

[1] Based on amount of shares considering the share split with the ratio 1:3 in 2011.

€ millions

Consolidated Statement of Recognized Income and Expenses	**Note**	**2011**	**2010**
Net income		**289.4**	**274.1**
Actuarial gains/losses from defined benefit pension obligations		12.3	−14.8
Currency translation differences		−9.6	36.9
Changes in fair value of available-for-sale financial assets		0.7	2.5
Changes in fair value of derivatives in cash flow hedges		3.5	1.3
Other income/loss from investments accounted for using the equity method		0.1	11.5
Other income/loss	**(28)**	**7.0**	**37.3**
Comprehensive income		**296.4**	**311.4**
Comprehensive income attributable to shareholders of Axel Springer AG		270.1	287.1
Comprehensive income attributable to non-controlling interests		26.3	24.3

Consolidated Statement of Cash Flows

€ millions	Note	2011	2010
Net income		**289.4**	**274.1**
Reconciliation of net income to the cash flow from operating activities			
Depreciation, amortization, impairments, and write-ups		137.7	114.4
Result from investments accounted for using the equity method	(7)	3.5	18.4
Dividends received from investments accounted for using the equity method	(7)	5.4	3.9
Result from disposal of consolidated subsidiaries and business units and intangible assets, property, plant, equipment, and financial assets		0.0	−66.1
Changes in non-current provisions		2.8	12.8
Changes in deferred taxes		−9.4	−37.3
Other non-cash income and expenses		−0.1	15.0
Changes in trade receivables		−36.3	−58.7
Changes in trade payables		14.1	24.2
Changes in other assets and liabilities		−1.3	57.3
Cash flow from operating activities	**(29)**	**405.9**	**358.1**
Proceeds from disposals of intangible assets, property, plant, and equipment		0.6	0.4
Proceeds from disposals of consolidated subsidiaries and business units, less cash and cash equivalents given up in the exchange		0.6	103.1
Proceeds from disposals of non-current financial assets		30.2	16.2
Purchases of intangible assets, property, plant, equipment, and investment property		−112.7	−59.2
Purchases of shares in consolidated subsidiaries and business units, less cash and cash equivalents acquired	(3)	−595.3	−170.5
Purchases of investments in non-current financial assets		−24.7	−90.6
Cash flow from investing activities	**(29)**	**−701.2**	**−200.6**
Dividends paid to shareholders of Axel Springer AG		−157.3	−131.2
Dividends paid to other shareholders		−15.5	−10.5
Purchase of non-controlling interests		−7.3	−5.5
Disposal of non-controlling interests		0.0	0.5
Issuance of treasury shares		9.4	261.9
Repayments of liabilities under finance leases		−0.2	0.0
Proceeds from other financial liabilities		495.5	172.4
Repayments of other financial liabilities		−180.8	−211.6
Additions to plan assets		−25.2	0.0
Other financial transactions		−9.5	0.0
Cash flow from financing activities	**(29)**	**109.1**	**76.1**
Cash flow-related changes in cash and cash equivalents		**−186.2**	**233.6**
Changes in cash and cash equivalents due to exchange rates		−0.6	5.1
Changes in cash and cash equivalents due to changes in companies included in consolidation		−5.0	−0.1
Cash and cash equivalents at beginning of period		435.9	197.3
Cash and cash equivalents at end of period	**(29)**	**244.0**	**435.9**

€ millions **Cash flows contained in the cash flow from operating activities**		2011	2010
Income taxes paid		−196.0	−154.4
Income taxes received		39.4	50.2
Interest paid		−26.3	−18.6
Interest received		12.5	9.7
Dividends received		19.4	17.0

Consolidated Statement of Changes in Equity

					Accumulated other comprehensive income						
						Changes in fair value					
€ millions	Subscribed capital	Additional paid-in capital	Accumulated retained earnings	Treasury shares	Currency translation	Available-for-sale financial assets	Derivatives in cash flow hedges	Other equity	Shareholders of Axel Springer AG	Non-controlling interests	Equity
Balance as of 01/01/2010	**98.9**	**43.1**	**1,229.8**	**−200.7**	**13.0**	**0.0**	**−15.5**	**−23.4**	**1,145.2**	**51.6**	**1,196.8**
Net income			252.7						252.7	21.4	274.1
Other income/loss					33.9	2.5	1.2	−3.2	34.4	2.9	37.3
Comprehensive income			**252.7**		**33.9**	**2.5**	**1.2**	**−3.2**	**287.1**	**24.3**	**311.4**
Dividends paid			−131.2						−131.2	−10.5	−141.6
Re-issuance of treasury shares			72.5	189.4					261.9		261.9
Change in consolidated companies									0.0	146.0	146.0
Purchase and disposal of non-controlling interests			0.4						0.4		0.4
Other changes		0.2	−1.2						−1.0	−1.3	−2.3
Balance as of 12/31/2010	**98.9**	**43.3**	**1,422.9**	**−11.2**	**46.9**	**2.5**	**−14.2**	**−26.6**	**1,562.4**	**210.2**	**1,772.6**
Net income			257.8						257.8	31.6	289.4
Other income/loss					−4.6	0.7	3.5	12.6	12.3	−5.3	7.0
Comprehensive income	**0.0**	**0.0**	**257.8**	**0.0**	**−4.6**	**0.7**	**3.5**	**12.6**	**270.1**	**26.3**	**296.4**
Dividends paid			−157.3						−157.3	−15.5	−172.9
Re-issuance of treasury shares			4.5	4.9					9.4		9.4
Change in consolidated companies			−0.4						−0.4	1.4	0.9
Purchase and disposal of non-controlling interests			10.5						10.5	13.6	24.1
Other changes		0.5	−1.0						−0.5	0.6	0.2
Balance as of 12/31/2011	**98.9**	**43.8**	**1,536.9**	**−6.3**	**42.2**	**3.3**	**−10.7**	**−14.0**	**1,694.2**	**236.6**	**1,930.8**

Consolidated Segment Report

Operating segments

€ millions	Newspapers National 2011	Newspapers National 2010	Magazines National 2011	Magazines National 2010	Print International 2011	Print International 2010	Digital Media 2011	Digital Media 2010	Services/Holding 2011	Services/Holding 2010	Consolidated totals 2011	Consolidated totals 2010
External revenues	**1,164.9**	**1,194.2**	**468.1**	**486.1**	**473.5**	**400.9**	**962.1**	**711.8**	**116.2**	**100.8**	**3,184.9**	**2,893.9**
Internal revenues	10.0	8.6	5.3	7.3	43.5	36.2	43.7	36.0	309.9	299.6		
Segment revenues	1,175.0	1,202.8	473.4	493.3	517.0	437.1	1,005.8	747.8	426.1	400.5		
EBITDA[1]	**282.7**	**296.0**	**103.2**	**101.0**	**73.8**	**61.5**	**158.1**	**85.8**	**−24.4**	**−33.7**	**593.4**	**510.6**
EBITDA margin[1]	**24.3%**	**24.8%**	**22.0%**	**20.8%**	**15.6%**	**15.3%**	**16.4%**	**12.1%**			**18.6%**	**17.6%**
Thereof income from investments	2.9	1.7	0.4	−0.6	4.3	5.4	6.6	6.8	4.9	3.7	19.1	17.0
Thereof accounted for using the equity method	0.0	0.0	0.3	−0.8	4.5	5.3	0.1	0.5	0.0	−2.1	4.9	2.9
Depreciation, amortization, impairments and write-ups (except from purchase price allocations)	−3.2	−4.3	−1.1	−1.7	−12.6	−9.7	−17.0	−12.0	−48.1	−54.3	−82.0	−82.0
EBIT[1]	**279.5**	**291.7**	**102.1**	**99.2**	**61.2**	**51.8**	**141.2**	**73.8**	**−72.5**	**−88.0**	**511.4**	**428.6**
Effects of purchase price allocations	0.0	0.0	0.0	0.0	−22.6	−9.9	−30.8	−23.6	−1.3	−0.1	−54.7	−33.6
Non-recurring effects	−0.5	6.2	−0.3	1.6	−8.5	−3.5	−2.2	31.0	−0.7	−21.4	−12.2	13.9
Segment earnings before interest and taxes	279.0	297.8	101.8	100.8	30.1	38.4	108.1	81.2	−74.5	−109.4	444.5	408.9
Financial result											−23.1	−31.2
Income taxes											−132.0	−103.6
Net income											**289.4**	**274.1**

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

Geographical information

€ millions	Germany 2011	Germany 2010	Other countries 2011	Other countries 2010	Consolidated totals 2011	Consolidated totals 2010
External revenues	2,136.9	2,081.6	1,048.0	812.3	3,184.9	2,893.9
Non-current segment assets	1,143.7	1,125.0	1,514.9	731.6	2,658.6	1,856.6

Notes to the Consolidated Financial Statements

General information

(1) Basic principles

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", "Axel Springer" or the "Group") are described in note (30a).

On February 21, 2012, the Management Board of Axel Springer AG authorized the consolidated financial statements for fiscal year 2011 and subsequently 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 IFRS Interpretations Committee (IFRS IC) approved by the IASB, in effect and recognized by the European Union (EU) at the reporting date. The reporting currency is the Euro (€); unless otherwise indicated, all figures are stated in Euro millions (€ millions). Totals and percentages were calculated based on the non-rounded Euro amounts and may differ from a calculation based on the reported amounts in millions of Euros.

The consolidated financial statements and consolidated management report will be published in the Electronic Federal Gazette in Germany.

(2) Consolidation

(a) Consolidation principle

The consolidated financial statements include Axel Springer AG and its subsidiaries. Subsidiaries are entities in which Axel Springer AG is able to control, directly or indirectly, the financial and operating policies.

The consideration transferred in business combinations is offset against the pro-rated fair value of the acquired assets and liabilities at the acquisition date. Any remaining positive difference allocated to our interests is capitalized as goodwill. Negative differences are immediately recognized as income. The date of acquisition is the date when the ability to control the assets and financial and operating activities of the acquired entity or business passes to the Axel Springer Group. We offset differences arising from disposals and purchases of non-controlling interests.

Associated companies are included in the consolidated financial statements by application of the equity method. 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. Goodwill and assets and liabilities included in the amortized carrying amount of the investment in the associated company are accounted for using the accounting principles applied to business combinations. The IFRS separate and consolidated financial statements of these companies as at the Axel Springer Group's reporting date, respectively, serve as the basis for applying 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. Intercompany profits and losses are eliminated. The carrying amounts of investments are tested for impairment; if impairments exist, they are written down to the lower recoverable amount.

(b) Companies included in the consolidated financial statements

Companies included in the consolidated financial statements broke down as follows:

	12/31/2011	12/31/2010
Fully consolidated companies		
Germany	52	52
Other countries	65	64
Fully consolidated special purpose entities		
Germany	2	3
Investments accounted for using the equity method		
Germany	3	3
Other countries	3	3

Consolidated companies are listed in note (42). The special-purpose entities included are closed property funds whose risks and rewards are economically attributable to the Group.

The following changes occurred in 2011:

Effective January 1, 2011, we merged ZZ-Kurier Gesellschaft für Zeitungs- und Zeitschriftenvertrieb mbH, Hamburg, into Axel Springer Vertriebsservice GmbH, Hamburg, (formerly Axel Springer Verlag Vertriebsgesellschaft mbH), as well as, in Belgrade, Serbia, 24 sata d.o.o., IP Alo Novine d.o.o., and Blic Magazin d.o.o. into Ringier Axel Springer d.o.o. In addition, in London, UK, the operating activities of the Perfiliate Group were transferred to Digital Window Limited. The five fully-consolidated companies belonging to the Perfiliate Group were deconsolidated at January 1, 2011.

Our investments in PACE Paparazzi Catering & Event GmbH, Berlin, enFemenino SARL, Madrid, Spain, alFemminile s.r.l., Milan, Italy, and Digital Window Inc., Wilmington, USA, were fully consolidated for the first time effective January 1, 2011.

“Sächsischer Bote” Wochenblatt Verlag GmbH, Dresden, which previously had been included in the course of full consolidation, was sold at the beginning of March 2011.

At the beginning of March, 2011, the acquisition of 74.9% of the shares in Juno Internet GmbH, Berlin (Internet portal kaufDA), was completed. This company has been fully consolidated since then.

Effective March 1, 2011, we acquired a majority of the shares in SeLoger.com SA, Paris, France. Since that time, this company along with three additional subsidiaries has been fully consolidated.

The acquisition of 100% of the shares in The Mbuyu Community B.V., Amsterdam, the Netherlands (M4N), was completed at the beginning of June 2011. This company has been included in the consolidated financial statements since June 1, 2011.

At the end of June 2011, in Zurich, Switzerland, PartyGuide.ch AG and usgang.ch AG were merged into Students.ch AG, which was renamed Amiado Online AG in this context. In Prague, Czech Republic, Anima Publishers s.r.o., and Axel Springer Praha a.s. were merged into Ringier Axel Springer CZ a.s. at the end of June 2011.

With the acquisition of 100% of the shares in Netmums Limited, Watford, UK, which was completed at the beginning of August 2011, this company was fully consolidated.

The newly founded company zanox Sp. z o.o., Warsaw, Poland, has been included in the consolidated financial statements since September 2011. In Helsinki, Finland, OY StepStone AB was liquidated and thus deconsolidated in September 2011.

Effective September 1, 2011, real estate assets were contributed to the Axel Springer Pensionstreuhand e.V., Berlin, which is not included in the consolidated financial statements of Axel Springer. This resulted in the deconsolidation of Axel-Springer-Immobilien-Fonds-I Dr. Rühl & Co. KG, Düsseldorf, which had previously been consolidated as a special-purpose entity.

In October 2011, we acquired 100% of the shares in CIBLETIC SAS, Paris, France (Internet platform aGites), which were merged into the SeLoger Group in December 2011.

A company we founded, zanox Reklam Hizmetleri Limited Sirketi, Istanbul, Turkey, has been fully consolidated since November 1, 2011.

In December 2011, in Paris, France, we acquired 83% of the shares in AR Technology SAS, which holds 100% of the shares in Autoreflex.com SAS, through EMAS Digital SAS, which we founded together with Mondadori. These companies have been fully consolidated since December 1, 2011.

Companies we founded, Bonial SAS, Paris, France, and ZANOX VEICULAÇÃO DE PUBLICIDADE NA INTERNET LTDA., São Paulo, Brazil, have been fully consolidated since December 1, 2011.

In addition, we acquired 77.66% of the shares in Visual Meta GmbH, Berlin (Internet portal ladenzeile.de), which we have fully consolidated since December 31, 2011.

Variant Press LLC, Moscow, Russia (formerly Axel Springer RUS), was sold in December 2011. Axel Springer Editions SAS, Neuilly-sur-Seine, France, as well as Axel Springer Russland Holding GmbH, Hamburg, were deconsolidated at November 30 and December 31, 2011, respectively.

(c) Acquisitions and divestitures

In the context of our digitization strategy, we significantly expanded our digital business in the area of online classifieds/marketplaces with our takeover of the majority in the leading French online real estate portal. In September 2010, we had initially acquired 12.4% of the shares in SeLoger.com SA, Paris, France. We acquired an additional 61.8% of the shares through the first phase of the public tender offer and thus acquired control of SeLoger at the beginning of March 2011. At the end of the second phase of the public tender offer, at the end of March 2011, we held 98.7% of the company's shares. In addition, we agreed upon options to acquire an additional 0.3% of the shares. These options also cover the acquisition of shares in the context of the employee stock option programs that still exist at SeLoger.

The acquisition costs totaling € 632.5 million included, above all, the purchase price already paid totaling € 624.8 million (thereof € 70.0 million in September 2010) as well as liabilities of € 7.7 million from promises in connection with the employee stock option programs. The incidental acquisition costs recorded in other operating expenses amounted to € 3.6 million. The acquisition was financed both by using our own funds and by utilization of our credit facility.

Based on the purchase price allocation, the acquisition costs could be allocated to the purchased assets and liabilities at the acquisition date as follows:

€ millions	Carrying amount before acquisition	Adjust-ment amount	Carrying amount after acquisition
Intangible assets	1.0	237.2	238.2
Property, plant, and equipment	1.0	0.0	1.0
Trade receivables	13.5	0.0	13.5
Other assets	3.5	0.0	3.5
Cash and cash equivalents	44.3	0.0	44.3
Trade payables	−7.6	0.0	−7.6
Financial liabilities	−23.9	0.0	−23.9
Other liabilities	−14.1	0.0	−14.1
Deferred tax liabilities	0.0	−81.7	−81.7
Net assets	**17.9**	**155.5**	**173.4**
Non-controlling interests			1.7
Acquisition cost			632.5
Goodwill			**460.9**

Of the other intangible assets acquired, intangible assets with carrying amounts of € 128.3 million have indefinite useful lives. The non-tax-deductible goodwill is above all attributable to inseparable values such as employee expertise and expected synergy effects from the integration, and was allocated to the Digital Media segment. As of December 31, 2011 the goodwill amounted to € 464.0 million. The increase resulted from the acquisition and the subsequent merger of the CIBLETIC SAS.

The gross amount of the acquired trade accounts receivable was € 16.9 million. Corresponding valuation allowances in the amount of € 3.4 million were recorded.

In conjunction with a squeeze-out process initiated in March 2011, the remaining 1.0% of the share capital was taken over at the beginning of April at a price of € 6.5 million and treated in the balance sheet as an acquisition of non-controlling shares (€ 1.7 million). The difference in the amount of € 4.8 million was offset in accumulated retained earnings.

The acquisition date fair value of our investment in SeLoger held before gaining control equaled its carrying amount of € 78.3 million.

Since first inclusion, SeLoger contributed to consolidated revenues in the amount of € 79.7 million and to consolidated net income in the amount of € 16.2 million. If SeLoger had already been fully consolidated at January 1, 2011, SeLoger would have contributed to consolidated revenues in the amount of € 94.1 million and to consolidated net income in the amount of € 18.6 million.

The additional business combinations completed in the reporting year related to the acquisitions of Juno Internet GmbH (kaufDA, 74.9%), The Mbuyu Community B.V. (M4N, 100%), Netmums Ltd. (NetMums,100%), Visual Meta GmbH (ladenzeile, 77.66%), and CIBLETIC SAS (aGites, 100%). In addition, we acquired 83% of the shares in AR Technology SAS, which holds 100% of the shares in Autoreflex.com SAS, through EMAS Digital SAS, which we founded together with Mondadori, in December 2011. See note 2 (b) on these acquisitions. Individually, these acquisitions did not have any significant effects on the financial position, liquidity, and financial performance of the Group.

The preliminary consideration transferred for these acquisitions, totaling € 118.6 million, include both the purchase prices paid in the current year and contingent consideration of € 30.7 million. The acquisition-related expenses of the purchase recorded in other operating expenses amounted to € 0.8 million.

The contingent consideration resulted from options to acquire the remaining shares in the companies and from purchase price adjustment clauses (earn-outs). They were measured on the basis of the current fair value of the purchase price adjustment obligation or the option at the acquisition date. The current fair value depends significantly on the profit trends of the acquired companies in the years prior to the payment dates or possible exercise dates of the options. Contractually these payment obligations are limited to a maximum of € 73.6 million.

Based on the preliminary purchase price allocations, the accumulated preliminary cost of purchase of these acquisitions could be allocated to the purchased assets and liabilities at the acquisition date as follows:

€ millions	Carrying amount before acquisition	Adjustment amount	Carrying amount after acquisition
Intangible assets	0.5	40.0	40.5
Property, plant, and equipment	0.5	0.0	0.5
Non-current financial assets	2.8	0.0	2.8
Trade receivables	5.8	0.0	5.8
Other assets	2.8	0.2	3.1
Cash and cash equivalents	4.8	0.0	4.8
Provisions and other liabilities	–10.2	0.0	–10.2
Trade payables	–3.3	0.0	–3.3
Deferred tax liabilities	–0.5	–11.7	–12.2
Net assets	**3.2**	**28.6**	**31.9**
Non-controlling interests			1.2
Acquisition cost (preliminary)			118.6
Other adjustments [1]			–17.3
Goodwill (preliminary)			**70.6**

[1] Goodwill adjusted due to indirect acquisition

The purchase price allocations consider all knowledge and adjusting events about conditions that existed already at the acquisition date, and have not yet been completed, particularly due to the closeness in time between individual acquisitions and the reporting date.

Of the intangible assets acquired in these acquisitions, intangible assets with carrying amounts of € 11.2 million have indefinite useful lives. The preliminary, non-tax-deductible goodwill values of each company are above all attributable to inseparable values such as employee expertise and expected synergy effects from the integration, and were allocated to the Digital Media segment.

Since initial consolidation, these companies have contributed to consolidated revenues in the amount of € 21.7 million and to consolidated net income in the amount of € –1.5 million. If the acquisitions had already occurred on January 1, 2011, the consolidated revenues would have increased by € 51.7 million, and the consolidated net income would have decreased by € –0.2 million.

Due to the termination of a call-and-put-option agreement, acquisition-related liabilities of € 38.7 million were derecognized. The non-controlling interests increased by € 22.1 million, corresponding to their share in net assets (including goodwill) of 25.1%. The residual amount of € 16.6 million increased retained earnings.

The divestitures carried out in the reporting period collectively had no material effects on the financial position, liquidity, and financial performance of the Axel Springer Group.

Acquisitions and divestitures in the prior year:

With the goal of developing eastern European media activities, Axel Springer AG and Ringier AG, Zurich, Switzerland, merged their business activities in Poland, the Czech Republic, Slovakia, and Serbia into the jointly managed Ringier Axel Springer Media AG, Zurich, Switzerland, effective July 1, 2010. In addition, we made a cash contribution of € 38.8 million and an adjustment payment to Ringier of € 124.8 million. Our 50 % interest in the joint venture is held by AS Online Beteiligungs GmbH, Berlin, a wholly owned subsidiary of Axel Springer AG. Due to the agreement to a call option on the acquisition of a further interest, we have treated the transaction as a business combination and included the Ringier Axel Springer Media group in the consolidated financial statements of Axel Springer AG effective July 1, 2010.

At the beginning of May 2011, we and Ringier jointly withdrew the application for cartel approval for the business combination of our joint business activities in Hungary for procedural reasons. The contribution of the Hungarian activities to Ringier Axel Springer Media and thus initial inclusion of the Hungarian Ringier companies in our consolidated financial statements did not occur as originally expected by mid-2011. Withdrawal of the cartel application had no further financial effects on the financial position, liquidity, and financial performance of the Group or the existing joint venture. However, completion of the business combination continues to be planned. In the reporting period, we finalized the preliminary purchase price allocation performed in 2010.

Along with the cash contribution and the adjustment payment, the consideration transferred totaling € 226.0 million also included the carrying amounts of the assets less liabilities contributed by us of € 61.2 million and contingent consideration of € 1.2 million. The acquisition-related expenses of the purchase recorded in other operating expenses amounted to € 3.2 million.

Based on the purchase price allocation concluded in 2011, the acquisition costs of this business combination could be allocated to the purchased assets and liabilities at the acquisition date as follows. No changes resulted compared to the purchase price allocation reported at December 31, 2010.

€ millions	Carrying amount before acquisition	Adjustment amount	Carrying amount after acquisition
Intangible assets	12.4	201.5	213.9
Property, plant, and equipment	41.7	0.0	41.7
Non-current financial assets	16.4	12.7	29.1
Trade receivables	42.8	0.0	42.8
Other assets	22.7	0.0	22.7
Cash and cash equivalents	64.7	0.0	64.7
Provisions and other liabilities	−24.6	0.0	−24.6
Trade payables	−20.8	0.0	−20.8
Deferred tax liabilities	−6.4	−36.7	−43.0
Net assets	**149.0**	**177.5**	**326.5**
Non-controlling interests			163.3
Acquisition cost			226.0
Goodwill			**62.8**

The carrying amount before acquisition also comprised the assets and liabilities contributed by us.

Of the other intangible assets acquired, intangible assets with carrying amounts of € 143.6 million have indefinite useful lives. The non-tax-deductible goodwill is above all attributable to inseparable values such as employee expertise and expected synergy effects from the integration, and was allocated to the Print International segment.

Since initial consolidation, the joint venture has contributed to 2010 consolidated revenues in the amount of € 137.9 million and to 2010 consolidated net income in the amount of € 25.2 million. Of this amount, revenues of € 86.3 million and a net income of € 13.1 million were allocated to the subsidiaries contributed by Ringier. If the formation of the joint venture had already occurred on January 1, 2010, the joint venture would have contributed to 2010 consolidated revenues in the amount of € 277.0 million and to 2010 consolidated net income in the amount of € 45.4 million. Of this amount, revenues of € 174.2 million and a net income of € 29.2 million would have been allocated to the subsidiaries contributed by Ringier.

The other business combinations completed in the year 2010 related to the acquisitions of the Perfiliate Group (100 %), Axel Springer RUS (100 %), Umzugs-auktion GmbH & Co. KG (51 %), Sohomint GmbH (72.6 %), AZET sk a.s. (70 %) and the domain www.billig-fliegervergleich.de. Individually, these acquisitions did not have any significant effects on the financial position, liquidity, and financial performance of the Group in 2010.

The consideration transferred for these acquisitions, totaling € 74.9 million, include both the purchase prices paid in the year under review and contingent consideration of € 21.9 million. The acquisition-related expenses of the purchase recorded in other operating expenses amounted to € 0.9 million.

The contingent consideration resulted from option rights for the acquisition of the remaining shares in the companies. They were measured on the basis of the current fair value of the option at the acquisition date. The current fair value depends significantly on the profit trends of the acquired companies in the years prior to the possible exercise dates of the options. The obligations were adjusted to € 21.8 million (PY: € 21.9 million) at December 31, 2011, with effect on income due to fair value adjustments.

Based on the purchase price allocations concluded in the 2011 reporting year, the cumulative acquisition costs of these acquisitions could be allocated to the purchased assets and liabilities at the acquisition date as follows. Changes compared to the purchase price allocations shown at December 31, 2010, resulted mainly from the identification and evaluation of the other intangible assets.

€ millions	**Carrying amount before acquisition**	**Adjustment amount**	**Carrying amount after acquisition**
Intangible assets	2.1	30.0	32.1
Property, plant, and equipment	0.9	0.0	0.9
Non-current financial assets	0.1	0.0	0.1
Trade receivables	17.8	0.0	17.8
Other assets	1.0	0.0	1.0
Cash and cash equivalents	2.1	0.0	2.1
Provisions and other liabilities	–4.9	0.0	–4.9
Trade payables	–8.1	0.0	–8.1
Deferred tax liabilities	0.0	–5.3	–5.4
Net assets	**10.9**	**24.7**	**35.6**
Non-controlling interests			4.7
Acquisition cost			74.9
Other adjustments [1]			–9.5
Goodwill			**34.5**

[1] Goodwill adjusted due to indirect acquisition

Of the other intangible assets acquired in these acquisitions, intangible assets with carrying amounts of € 15.6 million have indefinite useful lives. The non-tax-deductible goodwills are above all attributable to inseparable values such as employee expertise and expected synergy effects from the integration, and were allocated to the segments Digital Media (€ 32.1 million) or Print International (€ 2.4 million).

Since initial consolidation, these companies have contributed to 2010 consolidated revenues in the amount of € 59.5 million and to 2010 consolidated net income in the amount of € 0.2 million. If the acquisitions had already occurred on January 1, 2010, the 2010 consolidated revenues would have increased by € 81.1 million, and the consolidated net income by € 0.6 million.

The disposal of our subsidiaries wallstreet:online AG, Berlin, and wallstreet:online capital AG, Berlin, occurred in May and August 2010, respectively. The loss on disposal totaled € 15.4 million. It was disclosed in other operating expenses.

The disposal of the Solutions business unit of the StepStone Group was likewise completed in May 2010. The gain on disposal was € 65.6 million. It was disclosed in other operating income (€ 73.7 million), other operating expenses (€ 2.9 million), and personnel expense (€ 5.2 million).

The proceeds collected in 2010 from these divestitures amounted to € 117.2 million. The following table shows the carrying amounts of the assets and liabilities sold:

€ millions	Carrying amount
Goodwill	14.8
Other intangible assets	47.7
Property, plant, and equipment	3.9
Trade receivables	14.9
Other assets	12.4
Cash and cash equivalents	11.1
Provisions and other liabilities	−24.2
Trade payables	−2.0
Deferred tax liabilities	−14.4
Disposal net assets	**64.3**
Non-controlling interests	5.3
Proceeds	117.2
Gain on disposal	**58.3**

Additional divestitures carried out in 2010 collectively had no material effects on the financial position, liquidity, and financial performance of the Axel Springer Group.

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

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 reporting date. The goodwill and fair value adjustments of assets and liabilities related to the acquisition of companies outside the European Monetary Union are assigned to the acquired company and accordingly translated at the exchange rate in effect on the reporting date.

Items of the income statement of these subsidiaries have been translated at the weighted average exchange rate for the year. Equity components have been translated at the historical exchange rate at the date of origination. Foreign exchange differences resulting from the translation have been recognized within accumulated other comprehensive income and/or non-controlling 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:

1 € in foreign currency	Average exchange rate		Exchange rate on balance sheet date	
	2011	2010	12/31/2011	12/31/2010
Polish zloty	4.11	4.00	4.40	3.97
Swiss franc	1.24	1.37	1.22	1.24
Czech koruna	24.56	25.27	25.81	25.30
Hungarian forint	278.48	276.60	310.83	279.91
British pound	0.87	0.85	0.84	0.86

(3) Explanation of significant accounting and valuation methods

(a) Basic principles

The accounting and valuation principles applied uniformly across the Axel Springer Group in fiscal year 2011 are basically the same as those applied in the prior year.

For information on the accounting and valuation methods resulting from new or revised IFRSs and IFRS IC Interpretations, please refer to note (3q).

(b) Recognition of income and expenses

The Axel Springer Group mainly generates circulation and advertising revenues. Revenues are recognized at the time when the significant risks of ownership have passed to the buyer/the services have been rendered, the amount of revenue can be reliably measured, and it is sufficiently probable that the economic benefits will flow to the enterprise. Revenues are stated net of any discounts allowed. Revenues from services rendered over a certain period in an indefinite number of transactions are recognized on a straight-line-basis over the contractual term.

Circulation revenues encompass the sales of newspapers and magazines to retailers, wholesalers, and subscribers. Revenue is not recognized for that portion of products sold, which can be expected, on the basis of historical experience, to be returned. Additionally, circulation revenues comprise the sale of digital applications and formats.

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.

Where 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.

Offers that contain multiple service components are separated for purposes of revenue recognition when the delivered components have an independent benefit and the market values of goods not yet delivered or services not yet performed can be determined objectively. When these criteria are satisfied and the deliveries and services of outstanding components are possible and probable even in the case of return of components already provided, then revenues are recognized for the individual separate components according to the relevant regulations.

Revenues from barter transactions are recognized if the goods or services exchanged are dissimilar and the amount of revenue can be measured reliably. Revenues are measured at the fair value of services received. If the fair value of the service received under barter transactions cannot be measured reliably, the fair value is determined on the basis of the service 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 qualified assets are capitalized as assets in the financial statements. Dividend income is recognized when the 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. Costs for the self-development of websites are capitalized only when the website serves directly the generation of revenues. 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 – 10
Supply rights	3 – 6
Internet platform	3 – 8
Customer relationships	3 – 15

Intangible assets with an indefinite useful life, which 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.

(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 whose economic benefits are attributable to Axel Springer 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 over the minimum contract term, taking any existing residual value into consideration. When it is reasonably certain that ownership will pass to Axel Springer at the end of the lease period, such assets are depreciated over their useful lives. The present value of the payment obligations associated with the minimum future lease payments is recognized as a liability.

For purposes of depreciation, the following useful lives are applied:

	Useful life in years
Buildings	30 – 50
Leased buidlings	20
Leasehold improvements	5 – 15
Printing machines	12 – 20
Editing systems	3 – 7
Other operational and business equipment	3 – 14

Capital investment subsidies and bonuses granted by the government are recognized when it is reasonably certain that the subsidies will be granted and the related terms and conditions will be fulfilled. Bonuses and subsidies granted for the acquisition or construction of property, plant, and equipment are recognized in a deferred income item within 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 intended for lease to third parties is measured at amortized cost. Such property is depreciated over a useful life of 50 years using the straight-line method. For leased assets whose economic benefits are attributable to Axel Springer (see note (3d)). These assets are depreciated over a useful life of 20 years using the straight-line method.

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

Impairment losses are recognized in intangible assets, in property, plant, and equipment, and in investment property 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 recoverable amount for the next-higher group of assets is applied.

Goodwill and intangibles with indefinite useful lives acquired in the context of business combinations are tested at least once annually for impairment. In order to carry out the impairment tests, these assets are assigned to those cash-generating units or those cash-generating groups (i.e., each "reporting unit") that can be expected to profit from the synergies of the business combinations. These reporting units represent the lowest level at which these assets are monitored for management purposes. They generally correspond to individual titles and digital media of the Axel Springer Group. In the case of integrated business models, individual titles and digital media are collected into a single reporting unit.

The impairment test is conducted by determining the value in use of the reporting units, 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 medium-term planning 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 6.4 % to 10.7 % (PY: from 6.4 % to 12.5 %) after taxes and from 8.4 % to 13.0 % (PY: from 8.5 % to 15.6 %) before taxes.

Estimation uncertainties arise in the following assumptions applied in calculating the value-in-use of the reporting units:

Medium-term planning: The medium-term planning is determined on the basis of past historical values, and factors in business-segment-specific expectations about future market growth. Here, we assume that cash flows 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.

Growth rates: The growth rates are 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 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 assets and liabilities

Financial assets are mainly composed of cash and cash equivalents, deferred purchase price receivables, trade receivables, receivables due from related parties, loans, investments, securities, and financial derivatives with positive market values. Financial liabilities are mainly composed of trade payables, liabilities due to related parties, liabilities due to banks, contingent consideration, and financial derivatives 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 assets and liabilities are determined on the basis of appropriate market prices or valuation methods.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset have expired or have been transferred to third parties, or when the Group has assumed a contractual obligation to pay the cash flows 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 or annulled, or has expired.

Investments and securities

Investments that have not been consolidated or accounted for using the equity method in the consolidated financial statements, as well as securities, 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. The fair value of investments and securities is not reliably measurable when either material valuation differences appear in estimating fair values based on projections and scenarios, or when the likelihood of such projections and scenarios cannot be reliably determined. Any unrealized gains or losses resulting from the changes in fair value of the financial assets and liabilities, 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.

The carrying amounts of investments and securities are reviewed at every reporting 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 (short-term available cash in banks, cash on hand, and checks). These items are measured at amortized cost.

Financial derivatives

Financial derivatives are utilized exclusively to hedge against currency and interest rate risks that have an influence on future cash flows. They are measured at fair values based on stock exchange or market prices, or using generally accepted valuation methods. If 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. Furthermore, financial derivatives are used to cover the risk of impairments of investments and securities. When the underlying financial assets are recognized at amortized costs because their fair values are not reliably measurable, the financial derivative is recognized at amortized costs as well.

Contingent consideration

Options and earn-out agreements in connection with business combinations and acquisition of non-controlling interests are treated as contingent consideration at fair value. This value depends significantly on the profit trends of the acquired companies in the years prior to the possible exercise dates of the options or the payment dates of the earn-outs.

For transactions that were completed prior to January 1, 2010, the obligation was measured at the present value of the expected cash flows provided that utilization was probable and the obligation could be measured reliably. Adjustments in the subsequent periods are recorded with no effect on income. Options and earn-out agreements in connection with business combinations completed since January 1, 2010, are measured at the present value of the expected cash flows, provided that it can be measured reliably. In the subsequent periods, changes in the fair value are recognized immediately in income. The discount rates are determined on the basis of the interest rates charged on the Group's borrowings.

Other financial liabilities

Other non-derivative financial liabilities are measured at amortized cost by application of the effective interest method.

(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 reporting 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. Impairments are reversed whenever the reasons justifying an earlier write-down no longer exist.

(i) Assets held for sale

Assets are classified as held-for-sale when their disposal has been initiated. The non-current assets held for sale are measured at the lower of the carrying amount or the fair value less costs to sell. Depreciation is no longer applied to these assets.

(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 2011 and 2010 fiscal years:

Information in %	2011	2010
Discount rate	2.25 – 5.0	2.75 – 4.75
Expected return on plan assets	3.5 – 5.0	3.5
Expected return on reimbursement rights	5.0	4.6
Salary trend	1.0 – 1.75	1.5 – 1.75
Pension trend	0.25 – 1.75	0.25 – 1.75

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.

Actuarial gains and losses resulting from changes in actuarial parameters are immediately offset against accumulated other comprehensive income without affecting net income.

(k) Other provisions and accrued liabilities

Other provisions have been formed to account for all discernible legal and constructive obligations 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 reporting 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 reporting 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 the carrying amounts of those assets and liabilities in the consolidated financial statements, and for interest and tax 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 loss carry-forwards can be utilized. Deferred tax assets are recognized for temporary differences or interest and tax loss carry-forwards 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 directly to equity. The treasury shares are presented in a separate line item of the consolidated statement of changes in equity.

(n) Share-based payment programs
As part of performance-based remuneration programs, Axel Springer Group grants equity-settled and cash-settled share-based payment programs. The compensation components to be recognized as expenses over the vesting period are measured as the fair value of the options at the time when they were granted (in case of equity-settled programs) or at the reporting date (in case of cash-settled programs). The fair values are determined on the basis of generally accepted option pricing models. The corresponding amount is recognized in the additional paid-in capital (in the case of equity-settled programs) or as provisions/liabilities (in the case of cash-settled programs). Additions to liabilities/provisions are recorded to personnel expenses; reversals are accounted for in other operating income.

(o) 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 reporting date. Any foreign exchange gains or losses resulting from such translations are recognized in income.

(p) Use of estimates
The preparation of the 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 reporting date, and the presentation of income and expenses. Significant estimates and assumptions relate in particular to allowances for doubtful receivables, the measurement of pension provisions and plan assets, product return rates, medium-term planning, discount rates and growth rates for the valuation of goodwill and intangible assets with indefinite useful life, contingent consideration for options and earn-out agreements in connection with business combinations and acquisition of non-controlling interests, assets and liabilities from finance leases, 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.

(q) New accounting standards
No material changes resulted in fiscal year 2011 for Axel Springer from IFRS standards or IFRIC interpretations to be applied for the first time.

The following IFRSs have already been published, but not yet applied.

IFRS 9 “Financial Instruments” was published by IASB in November 2009. In the future, financial assets must be assigned only to the two valuation categories “at amortized cost” and “at fair value” and measured accordingly. The regulations for recognizing financial liabilities were published as a supplement in October 2010 and led to changes in the application of the fair value option. Due to an amendment published in December 2011, IFRS 9 is only required to be applied to fiscal years beginning on or after January 1, 2015. These amendments have not yet been incorporated into European law. The application of the new standard will lead to changes in the presentation and recognition of financial assets and liabilities.

In May 2011, the IASB published three new and two revised standards, IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements”, IFRS 12 “Disclosure of Interests in Other Entities”, amendments to IAS 27 “Consolidated and Separate Financial Statements”, and amendments to IAS 28 "Investments in Associates”. IFRS 10 supersedes the previous regulations on consolidated financial statements (parts of IAS 27 “Consolidated and Separate Financial Statements”) and special purpose entities (SIC-12 “Consolidation – Special Purpose Entities”) and pre-scribes the control model as a uniform principle for the future. The standard additionally includes guidelines for assessing control in cases of doubt. The currently applicable regulations for recognizing shares in joint ventures

(IAS 31 “Interests in Joint Ventures” and SIC-13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”) will be replaced by IFRS 11 in the future. The disclosure obligations previously included in IAS 27, IAS 28, and IAS 31 are combined into IFRS 12 and expanded with additional particulars. Due to these amendments, IAS 27 only still contains regulations on the recognition of shares in subsidiaries, affiliates, and joint ventures in the separate financial statements of the parent company. IAS 28 is being expanded to include regulations on the recognition of shares in joint ventures and prescribes the use of the equity method for affiliates and joint ventures. These changes are required to be applied to fiscal years that begin on or after January 1, 2013. These amendments have not yet been incorporated into European law. We assume that the new and revised standards will have no material influence on our financial position, liquidity, and financial performance.

IFRS 13 “Fair Value Measurement”, which was also published in May 2011, introduces a comprehensive framework for measuring the fair value. IFRS 13 is required to be applied to fiscal years that begin on or after January 1, 2013. These amendments have not yet been incorporated into European law. The standard will have no material influence on our financial position, liquidity, and financial performance.

In June 2011, the IASB published “Changes to IAS 1 – Presentation of Financial Statements”. The option to present the income statement and the other income/loss either in a continuous presentation or alternatively in two subsequent presentations is fundamentally preserved. In the future, however, the items of the other result must be grouped in such a way that a separate presentation is created showing whether or not these items will have to be reclassified later into the income statement. The related income tax items must be assigned accordingly. These changes are required to be applied to fiscal years that begin on or after July 1, 2012. These amendments have not yet been incorporated into European law. The application of the amended standard will lead to changes in the presentation of the statement of comprehensive income.

“Changes to IAS 19 – Employee Benefits” was published in June 2011. These changes lead to abolition of the corridor method and require the recognition of the actuarial gains and losses directly in other comprehensive income. In addition, the discount rate used for the obligation has to be used as expected return on plan assets, as well. In the future, the past service cost must be recognized entirely in the period of the plan change. The revised standard changes the rules for termination benefits and expands the disclosure obligations. These changes are required to be applied to fiscal years that begin on or after January 1, 2013. These amendments have not yet been incorporated into European law. The changes will not have a significant influence on our financial position, liquidity, and financial performance.

In the reporting year, IASB and IFRS IC published additional pronouncements that had or will have no material influence on our consolidated financial statements.

Notes to the consolidated statement of financial position

(4) Intangible assets

The changes in intangible assets were as follows:

€ millions	Purchased rights and licenses	Internally generated rights	Goodwill	Total
Acquisition or production cost				
Balance as of January 1, 2010	499.2	39.8	507.3	1,046.2
Initial consolidation	223.7	0.9	109.3	334.0
Deconsolidation	–56.2	–4.8	–15.1	–76.1
Currency effects	27.9	1.5	11.7	41.1
Additions	27.5	1.7	0.3	29.5
Disposals	–10.1	–4.1	0.0	–14.2
Transfers	–0.2	–0.4	0.5	–0.2
Balance as of December 31, 2010	**711.7**	**34.5**	**614.0**	**1,360.1**
Initial consolidation	291.0	6.6	529.2	826.8
Deconsolidation	–0.1	0.0	0.0	–0.1
Currency effects	–0.8	0.0	–1.0	–1.7
Additions	38.4	7.9	1.7	48.0
Disposals	–12.9	–1.2	0.0	–14.1
Transfers	–0.3	0.1	–0.7	–0.9
Balance as of December 31, 2011	**1,027.1**	**47.8**	**1,143.1**	**2,218.0**
Depreciation and impairments				
Balance as of January 1, 2010	144.5	18.0	48.2	210.8
Initial consolidation	0.5	0.0	0.0	0.5
Deconsolidation	–11.3	–1.0	0.0	–12.4
Currency effects	3.8	0.2	0.0	4.0
Additions	45.0	6.0	0.0	51.1
Disposals	–7.5	–1.7	0.0	–9.2
Transfers	–0.1	0.0	0.0	–0.1
Balance as of December 31, 2010	**174.9**	**21.6**	**48.2**	**244.6**
Deconsolidation	–0.1	0.0	0.0	–0.1
Currency effects	–0.6	0.0	0.0	–0.7
Additions	63.1	5.7	7.8	76.5
Disposals	–9.7	–0.3	0.0	–10.0
Transfers	0.1	0.0	–0.7	–0.6
Balance as of December 31, 2011	**227.6**	**26.9**	**55.3**	**309.8**
Carrying amounts				
As of December 31, 2011	799.5	20.9	1,087.8	1,908.1
As of December 31, 2010	536.8	12.9	565.8	1,115.6

The purchased rights and licenses mainly comprised title rights, trademarks, and customer relationships. The internally generated intangible assets mainly consisted of software solutions and websites.

With the exception of the SeLoger reporting unit, the total of goodwill and intangible assets with indefinite useful lives that have been assigned to the individual reporting units amounted to less than 16 % of the total value of all goodwill and intangible assets with indefinite useful lives measured at December 31, 2011, in the amount of € 1,570.2 million (PY: € 895.8 million).

The value in use of the reporting units is determined primarily by the terminal value. The amount of the terminal value depends on the forecasted cash flow in the fifth year of medium-term planning, on the growth rate of the cash flows subsequent to the medium-term planning, and on the discount rate (see explanations in note (3f) on assumptions in the context of the annual impairment test).

Goodwill amounting to € 464.0 million and intangible assets with indefinite useful lives amounting to € 128.3 million, representing approximately 38 % of the total value, were assigned to the SeLoger reporting unit in the Digital Media segment for the first time in the reporting year. A reduction of cash flows by about 45 % in the fifth planning year would reduce the surplus between the value in use and the carrying amount of this reporting unit to zero. A reduction in the growth rate by 0.5 percentage points would reduce the surplus by 21.2 %, and an increase in the discount rate by 0.5 percentage points would reduce the surplus by 25.6 %.

Goodwill amounting to € 349.5 million (PY: € 344.8 million) and intangible assets with indefinite useful lives amounting to € 116.6 million (PY: € 116.4 million), representing approximately 30 % (PY: 50 %) of the total value, were assigned to a total of four additional reporting units in the Digital Media segment. A reduction of cash flows by about 90 % (PY: 80 %) in the fifth planning year would reduce the surplus between the value in use and the carrying amount of these reporting units to zero. A reduction in the growth rate by 0.5 percentage points would reduce the surplus by 10.5 % (PY: 11.8 %), and an increase in the discount rate by 0.5 percentage points would reduce the surplus by 12.7 % (PY: 14.3 %).

Goodwill amounting to € 124.1 million (PY: € 130.0 million) and intangible assets with indefinite useful lives amounting to € 208.8 million (PY: € 197.8 million), representing approximately 21 % (PY: 35 %) of the total value, were assigned to a total of two reporting units that are almost completely assigned to the Print International segment. A reduction of cash flows by about 60 % (PY: 70 %) in the fifth planning year would reduce the surplus between the value in use and the carrying amount of these reporting units to zero. A reduction in the growth rate by 0.5 percentage points would reduce the surplus by 14.9 % (PY: 12.8 %), and an increase in the discount rate by 0.5 percentage points would reduce the surplus by 18.1 % (PY: 15.6 %).

(5) Property, plant, and equipment

The changes in property, plant, and equipment were as follows:

€ millions	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 as of January 1, 2010	583.8	544.5	179.3	3.4	1,311.0
Initial consolidation	6.5	26.1	5.9	0.0	38.6
Deconsolidation	0.0	–1.1	–5.2	0.0	–6.3
Currency effects	0.6	–0.7	2.3	0.0	2.2
Additions	0.6	7.3	18.7	6.4	33.1
Disposals	–0.2	–27.5	–15.5	–0.7	–43.8
Transfers	–38.4	0.7	1.7	–4.5	–40.4
Balance as of December 31, 2010	**553.1**	**549.3**	**187.3**	**4.7**	**1,294.3**
Initial consolidation	0.0	0.0	1.4	0.0	1.4
Currency effects	–0.6	–1.2	–1.6	0.0	–3.4
Additions	51.1	2.8	25.6	5.5	84.9
Disposals	–24.7	–4.2	–16.1	–0.5	–45.5
Transfers	3.6	2.6	2.6	–5.3	3.4
Balance as of December 31, 2011	**582.5**	**549.2**	**199.0**	**4.3**	**1,335.0**
Depreciation and impairments					
Balance as of January 1, 2010	173.6	306.9	125.8	0.0	606.3
Initial consolidation	0.2	0.4	0.0	0.0	0.6
Deconsolidation	0.0	–1.6	–1.2	0.0	–2.7
Currency effects	0.2	–0.1	1.1	0.0	1.3
Additions	11.6	26.6	17.2	0.1	55.5
Disposals	–0.1	–27.1	–13.5	–0.1	–40.8
Transfers	–12.5	0.0	0.0	0.0	–12.5
Balance as of December 31, 2010	**173.1**	**305.2**	**129.4**	**0.0**	**607.7**
Currency effects	–0.2	–0.8	–1.0	0.0	–2.0
Additions	11.5	29.1	20.5	0.0	61.0
Disposals	–11.1	–3.8	–15.6	0.0	–30.5
Transfers	0.9	0.0	0.0	0.0	0.9
Balance as of December 31, 2011	**174.2**	**329.7**	**133.3**	**–0.1**	**637.1**
Carrying amounts					
As of December 31, 2011	408.3	219.5	65.7	4.4	697.9
As of December 31, 2010	380.0	244.1	57.8	4.7	686.7

As of December 31, 2011 property, plant and equipment with acquisition or production cost of € 145.6 million (PY: € 143.7 million) were in use that had already been fully depreciated.

Property, plant, and equipment in the amount of € 72.0 million (PY: € 91.9 million) had been pledged as security for own liabilities as of December 31, 2011.

In the reporting year, real estate assets with a residual carrying amount of € 13.6 million (property, plant, and equipment) and € 3.7 million (investment property) were contributed to the Axel Springer Pensionstreuhand e.V. (see note 13 for further details). Under a finance lease Axel Springer leased back the real estate. The lease agreement has a fixed term of 20 years. The initial rent amounts to € 1.4 million and will be adjusted in relation to the change in average rent of comparable real estate from 2013 onwards. Axel Springer will bear all ancillary and operating costs. When the fair value of the real estate is below € 20.0 million at the end of the lease agreement, Axel Springer has to compensate for the difference. Due to the continuing lease of a portion of the building space to third parties we recorded assets of € 19.4 million as additions to property, plant, and equipment and € 3.2 million as additions to investment property. The corresponding liability was recognized in financial liabilities.

The other additions to real estate and buildings result particularly from the acquisition of the real estate at our headquarter in Berlin.

(6) Investment property

The development of our office and retails spaces in Berlin and Hamburg leased to third parties was as follows:

€ millions	Investment property
Acquisition or production cost	
Balance as of January 1, 2010	49.2
Additions	3.2
Transfers	38.9
Balance as of December 31, 2010	**91.3**
Additions	3.3
Disposals	–8.2
Transfers	–3.1
Balance as of December 31, 2011	**83.3**
Depreciation and impairments	
Balance as of January 1, 2010	17.5
Additions	6.9
Transfers	12.5
Balance as of December 31, 2010	**37.0**
Additions	1.3
Disposals	–4.5
Transfers	–0.9
Write-ups	–2.2
Balance as of December 31, 2011	**30.7**
Carrying amounts	
As of December 31, 2011	52.6
As of December 31, 2010	54.3

The changes resulting from contributing real estate assets to Axel Springer Pensionstreuhand e.V. and the subsequent lease back are presented in note 5.

The fair value of investment property as of December 31, 2011 amounted to € 52.6 million (PY: € 54.3 million). The fair value calculation, which was performed by us, was based on the application of the discounted cash flow method, with reference to the estimated cash flows. In calculating this value, a discount rate of 7.0 % (PY: 7.0 %) and a perpetuity capitalization rate of 6.0 % (PY: 6.0 %) was applied. As a result of the change in fair value, write-ups amounting to € 2.2 million (PY: impairment losses of € 5.6 million) have been recognized in other operating income in the Services/Holding segment.

Due to increased own usage of office space, we reclassified an amount of € 2.2 million from investment property into property, plant, and equipment in the reporting year.

In 2011, rental income of € 5.1 million (PY: € 3.3 million) was generated, with corresponding rental expenses of € 0.6 million (PY: € 0.8 million). Directly allocable expenses of € 0.0 million (PY: € 0.1 million) were incurred for non-rented space.

The future minimum lease payments from operating lease contracts broke down as follows:

€ millions	2011	2010
Due in up to one year	3.7	3.6
Due in one to five years	10.4	11.1
Due in more than five years	6.0	7.6
Total	**20.1**	**22.4**

(7) Non-current financial assets

The non-current financial assets include the shares in Doğan TV at € 352.0 million, unchanged from the prior year. When determining the recoverable amount in the context of the impairment test of our investment in Doğan TV, we factored in both estimated future cash flows and a number of contractually stipulated value-securing mechanisms.

The carrying amounts of investments carried using the equity method showed the following development:

€ millions	2011	2010
Carrying amount as of January 1	**40.7**	**59.7**
Attributable net income	5.0	3.2
Dividends	–5.4	–3.9
Changes recognized in other comprehensive income	–1.2	–9.5
Impairment losses	–8.4	–21.6
Acquisitions	0.0	14.2
Disposals	0.0	–1.3
Carrying amount as of December 31	**30.6**	**40.7**

For the first time, proportionate results with an amount of € –10.1 million (PY: € 0.0 million) have not been recognized in the income from investments in the current year, as the corresponding carrying amount has been fully depreciated in the previous period.

The impairment losses relate to our investment in INFOR in the amount of € 8.1 million (PY: impairment of investment in Prinovis in the amount of € 21.4 million).

The disposals in the prior year related to the sales of our shares in Cora Verlag and ZertifikateJournal. The acquisitions in the prior year related to the purchase of 27.02 % of the shares in PNS in connection with the business activities in the Czech Republic contributed to the joint venture Ringier Axel Springer Media by Ringier.

The aggregated financial data for the investments accounted for using the equity method are shown in the table below. Net income and revenue amounts correspond to the period of inclusion under the equity method in the reporting periods:

€ millions	**2011**	**2010**
Net income	–36.3	25.4
Revenues	954.3	886.1
Assets	616.6	692.8
Liabilities	591.7	595.5

(8) Inventories

The inventories broke down as follows:

€ millions	**12/31/2011**	**12/31/2010**
Raw materials and supplies	19.4	19.5
Semi-finished goods	2.8	3.0
Finished goods and merchandise	6.3	4.6
Inventories	**28.6**	**27.0**

Inventories of € 8.5 million (PY: € 8.7 million) were measured at their net realizable value. As of December 31, 2011, the valuation allowance for these inventories amounted to € 1.9 million (PY: € 1.7 million), of which € 0.3 million (PY: € 1.6 million) was recognized affecting net income in 2011.

(9) Trade receivables

The trade receivables broke down as follows:

€ millions	**12/31/2011**	**12/31/2010**
Trade receivables, nominal	455.5	398.9
Allowances for doubtful trade receivables	–13.1	–13.0
Trade receivables	**442.4**	**385.9**

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

€ millions	**2011**	**2010**
Balance as of January 1	13.0	15.3
Utilization	–5.3	–5.3
Reversals	–2.0	–3.0
Disposal due to deconsolidation	–0.5	–2.2
Additions	7.9	8.1
Balance as of December 31	**13.1**	**13.0**

At December 31, 2011, receivables in the amount of € 288.7 million (PY: € 276.6 million) were neither past due nor subject to valuation allowances. With regard to these receivables, there were no indications at the reporting date that would suggest that the customers would not fulfill their payment obligations.

The past-due trade receivables at the reporting date for which no valuation allowances have been charged are presented in the table below.

€ millions	**12/31/2011**	**12/31/2010**
up to 30 days	47.9	40.2
31 to 90 days	20.1	13.9
91 to 180 days	5.7	7.0
181 to 360 days	7.2	12.1
361 days and longer	7.0	12.1

(10) Other assets

The other assets broke down as follows:

€ millions	12/31/2011	12/31/2010
Deferral of payment for regional newspaper investments	125.0	150.0
Credit balances in accounts payable	7.2	15.1
Receivables due from employees	0.5	0.6
Derivatives	0.4	2.4
Receivables from Kirch insolvency	0.0	6.8
Other	24.3	29.7
Other financial assets	**157.5**	**204.6**
Advance payments	17.1	12.0
Receivables from other taxes	10.0	10.6
Other non-financial assets	**27.1**	**22.6**
Other assets	**184.6**	**227.2**

The purchase price from the sale of investments in regional newspapers that occurred in 2009 will become successively due and payable in the period from 2011 to 2016. A total of € 25.0 million was paid in fiscal year 2011.

Insofar as advance payments are announced in the context of the insolvency proceedings against KirchMedia GmbH & Co. KGaA i.L., we recognize them as receivables. The receivables accepted in the table of claims by the insolvency administrator originally totaled € 325.0 million. In 2011 an amount of € 6.8 million was settled by payment.

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

(11) Equity

The components and changes in consolidated equity are summarized in the consolidated statement of changes in equity.

(a) Subscribed capital

The share split at a 1:3 ratio adopted at the annual meeting on April 14, 2011, was carried out in the reporting year. The subscribed capital of € 98.9 million is fully paid in. Based on the percentage of subscribed capital that each share represents, the shares are valued at € 1.00 per share (PY: € 3.00 per share). The subscribed capital is divided into 98,940 thousand (PY: 32,980 thousand) registered shares, which can be transferred only with the consent of the company. At the reporting date, 98,606 thousand shares were outstanding (PY: 98,340 thousand shares considering the share split undertaken in 2011).

(b) Additional paid-in capital

The additional paid-in capital primarily results from a shareholder contribution granted in previous years and the amount of imputed compensation for the share-based payment programs (see note (12)).

(c) Accumulated retained earnings

The accumulated retained earnings include the income of the companies included in the consolidated financial statements, to the extent that they have not been distributed to shareholders. Moreover, transactions with shareholders are recognized.

In 2011, Axel Springer AG distributed an amount of € 157.3 million as dividend payments (€ 4.80 per qualifying share) for the fiscal year 2010. In 2010, Axel Springer AG distributed an amount of € 131.2 million as dividend payments (€ 4.40 per qualifying share) for the fiscal year 2009. Based on the share split undertaken in 2011 this corresponds to a dividend of € 1.60 (PY: € 1.47) per qualifying share

The premium resulting from the re-issue of treasury shares in the reporting period increased accumulated retained earnings by € 4.5 million (see note 11(d)).

(d) Treasury shares

In the reporting year, 89 thousand treasury shares (after the share split: 266 thousand treasury shares) were issued by conversion of bonus claims in the context of a stock participation program, and thus € 9.4 million was collected, increasing equity (of which € 4.5 million is allocated to the premium recorded in accumulated retained earnings).

As of December 31, 2011, Axel Springer AG held 334 thousand treasury shares (PY: 600 thousand shares considering the share split undertaken in 2011), corresponding to 0.3% (PY: 0.6%) of its capital stock.

(e) Accumulated other comprehensive income

At the reporting date, accumulated other comprehensive income contained effects from companies accounted for using the equity method in the amount of € – 10.1 million (PY: € – 10.1 million), actuarial gains/losses from employer pension plans of € – 0.8 million (PY: losses of € – 13.4 million) as well as a revaluation reserve of € – 3.1 million (PY: € – 3.1 million). The change results primarily from the adjustment of the pension discount rate for German pension plans to 5.0% (PY: 4.6%), as well as from the revaluation of financial instruments.

In 2011, amounts recognized in the accumulated other comprehensive income were not transferred to the consolidated income statement. In prior year, in connection with the reduction of our investment in Doğan TV, foreign exchange losses of € 16.7 million were transferred from accumulated other comprehensive income to consolidated net income.

(f) Non-controlling interests

The non-controlling interests mainly related to the following companies:

€ millions	12/31/2011	12/31/2010
Ringier Axel Springer Media Group	179.7	166.3
ZANOX Group	21.0	22.1
Other companies	35.9	21.8
Non-controlling interests	**236.6**	**210.2**

The increase in the non-controlling interests in other companies is due to the termination of a call-and-put-option agreement for the acquisition of non-controlling interests.

(12) Share-based payment

At the reporting date, two virtual stock option plans existed that were set up in July 2009 (hereinafter 2009 virtual stock option plan) and October 2011 (hereinafter 2011 virtual stock option plan). The 2011 virtual stock option plan comprises two tranches (hereinafter 2011a and 2011b). The material parameters of the virtual stock option plans are shown below:

	Virtual stock option plans		
	2009	2011a	2011b
Grant date	07/01/2009	10/01/2011	10/01/2011
Term in years	6	4	6
End of the term	06/30/2015	09/30/2015	09/30/2017
Qualifying period in years	4	2	4
End of qualifying period	06/30/2013	09/30/2013	09/30/2015
Option rights granted	1,125 thousands[1]	473 thousands	473 thousands
Underlying	€ 20.29[1]	€ 30.00	€ 35.00
Maximum payment	€ 40.57[1]	€ 60.00	€ 70.00
Value at grant date	€ 4.22[1]	€ 2.74	€ 2.31
Total value at grant date	€ 4.7 million	€ 1.3 million	€ 1.1 million

[1] Adjusted due to the share split undertaken in the reporting year.

If the working relationship of the right holder is terminated prior to the end of the individual qualifying period, but after passage of one year after the grant of the option rights, then the option rights become vested pro rata temporis in proportion to the qualifying period (2009 virtual stock option plan) or at 50% (2011a virtual stock option plan) or at 25% (2011b virtual stock option plan) for each completed year of the qualifying period. An additional requirement for vesting to occur is that, within a period of one year prior to the end of the qualifying period, during a period of 90 consecutive calendar days (2009 virtual stock option plan) or three consecutive calendar months (2011 virtual stock option plan), either the price of the Axel Springer share is at least 30% higher than the individual base value or the percentage by which the price of the Axel Springer share averages above the individual base value exceeds the average percentage development of the DAX price index.

Exercise of the option rights is only possible if the average share price of Axel Springer AG in the 90 calendar days (2009 virtual stock option plan) or three months (2011 virtual stock option plan) prior to exercise is at least 30 % above the base value and the percentage price increase of the Axel Springer share exceeds the development of the DAX price index in the corresponding period. Each option grants a payment claim in the amount of the growth in value of the Axel Springer share, which corresponds to the difference between the volume-weighted average price during the last 90 calendar days prior to exercise and the base value. The maximum payment claim is two times the base value.

The right holders are obligated to hold one share of Axel Springer AG as their own investment for each ten options. Disposal of these shares prior to exercise of the options leads to a lapse of the options in the proportion of one share for each ten options.

The value of the options was determined by application of a Black-Scholes model in a Monte-Carlo simulation at the grant date. The options will be remeasured at each reporting date and recognized proportionally in accordance with the projected vesting.

The development of the options, the resulting expenses and income in the reporting year, and the balance of liabilities and provisions at the reporting date are shown below:

	Virtual stock option plans		
In thousands	**2009**	**2011a**	**2011b**
Option rights as of January 1, 2011	1,125[1]	0	0
Option rights granted	0	473	473
Expired option rights	−84	0	0
Option rights as of December 31, 2011	**1,041**	**473**	**473**
€ millions			
Income/expenses in 2011	**1.3**	**−0.5**	**−0.3**
Income/expenses in 2010	−9.5	0.0	0.0
Liabilities/provisions as of December 31, 2011	**9.7**	**0.5**	**0.3**
Liabilities/provisions as of December 31, 2010	11.0	0.0	0.0

[1] Adjusted due to the share split undertaken in the reporting year.

In May 2011, in the context of a stock participation program, 89 thousand (after the share split: 266 thousand) treasury shares were re-issued by conversion of Group employee bonus claims at their fair value at the time of issue in the amount of € 106.71 (after share split: € 35.57). Personnel expenses of € 3.5 million were incurred by granting increases of the amounts of deferred compensation.

Various free share and stock option programs existed at our subsidiary SeLoger at the acquisition date. They provide for exercise by the right holders in the years 2009 to 2013, linked with a subsequent holding period of two years. The free shares and option rights, whose weighted average exercise price lies at € 20.93, lapse in the years 2017 to 2019. In the reporting period, the right holders were offered call-and-put-option agreements to transfer all shares from these programs (a maximum of 525 thousand) to Axel Springer against cash payment, out of which 104 thousand have already been exercised and 15 thousand forfeited in the current year. The call and put options are not linked to any market-related or company-related or any other conditions and vest immediately after the issuance of the shares to the employees. The purchase price upon exercise amounts to € 38.05 (squeeze-out price) multiplied by the ratio of the volume-weighted 1-month-average rate of the Axel Springer share on the last day of trading prior to exercise of the options to the volume-weighted 1-month-average rate of the Axel Springer share on the last trading day before squeeze-out. Following the principle of substance over form, the programs are treated by us as virtual stock option programs granting a payment claim in the amount of the difference between the exercise price and the purchase price. Measurement is based on the Black-Scholes model or the current share price, considering future dividends. The options will be remeasured at each reporting date and recognized proportionally in accordance with the projected vesting. At the grant date, the weighted average fair value was € 28.83 per option right or a total of € 15.1 million.

As of December 31, 2011, an obligation of € 8.8 million was accounted for. In the 2011 reporting period, € 3.0 million was recognized as personnel expense and € 0.6 million as other operating income.

auFeminin.com S.A. 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.

In November 2010, 300 thousand warrants for acquisition of one share of auFeminin.com S.A. each with an exercise price of € 17.15 were issued to senior employees. These options vested upon expiration of the first (50 %) and second (50 %) years after the grant date, insofar as the earnings target established for the individual tranche (EBITDA 2010 or EBITDA 2011) was achieved. Once they have vested, the options can be exercised for a total of five (50 %) or four (50 %) years.

In June 2009, 300 thousand warrants for acquisition of one share of auFeminin.com S.A. each with an exercise price of € 8.94 were issued to senior employees. These options vested upon expiration of the first (50 %) and second (50 %) years after the grant date, insofar as the earnings target established for the individual tranche (EBITDA 2009 or EBITDA 2010) was achieved. Once they have vested, the options can be exercised for a total of five (50 %) or four (50 %) years.

99 thousand stock options granted in April 2008, each one entitling the holder to purchase one share of auFeminin.com S.A. (exercise price: € 20.46), as well as the 74 thousand stock options that had already been granted at the date of acquisition of auFeminin.com S.A. in July 2007 (exercise price: € 18.60 or € 21.21), 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 fair values of the stock options granted in the prior year were determined by application of the Black-Scholes model at the grant date. For this purpose, the following parameters were applied:

	Options Nov. 2010
Share price at the grant date in €	16.30
Exercise price in €	17.15
Interest rate for risk-free investments, in %	0.97 resp. 1.08
Expected term until fully vested in years	1 resp. 2
Expected term of the options in years	6
Expected volatility, in %	45.00
Expected dividend yield, in %	0.00
Fair value at grant date, in €	2.63 resp. 3.90

The expected volatility was determined based on historical volatility rates using a period corresponding to the term of the options.

The number of options and the weighted average exercise price developed as follows:

	2011		2010	
	Options in thousands	Exercise price[1] in €	Options in thousands	Exercise price[1] in €
Balance as of January 1	640	15.21	473	12.92
Lapse	–63	16.90	–133	11.42
Issuance	0	–	300	17.15
Exercise	–2	8.94	0	–
Balance as of December 31	**576**	**15.05**	**640**	**15.21**
Thereof exercisable	233	11.03	158	13.52

[1] weighted average exercise price

The weighted average stock price at the date of exercise of the options in 2011 was € 18.17.

The exercise prices for the options outstanding on the reporting date remained unchanged from the prior year between € 8.94 and € 21.21. The weighted average remaining term of these options was 3.9 years (PY: 4.9 years).

A total of 53 thousand rights to purchase free shares that were granted in April 2008, as well as 37 thousand rights to purchase 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 (audience group quotas), 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.

In the reporting year, 18 thousand (PY: 32 thousand) rights to purchase free shares were exercised. The stock price at the exercise date was € 17.55 (PY: € 10.91). At the reporting date, a total of 0 (PY: 18 thousand) rights to purchase free shares were outstanding. The weighted average remaining term of these rights in the prior year was 0.9 years.

The compensation expenses for the share-based payment programs of auFeminin.com S.A. recorded in personnel expense amounted to € 0.4 million in fiscal year 2011 (PY: € 0.3 million). The additional paid-in capital was increased by the same amount.

(13) Pension obligations

Under its defined contribution pension plans, the Group mainly contributes 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 and amount to € 41.9 million (PY: € 41.4 million).

Provisions for pensions were created 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 provision for defined benefit plans corresponds to the present value of the obligations at the reporting date net of the fair value of the plan assets.

The amount of the provision was calculated as follows:

€ millions	12/31/2011	12/31/2010
Present value of defined benefit obligations financed by fund	424.6	98.7
Fair value of plan assets	–141.2	–87.2
Present value of defined benefit obligations not financed by fund	43.1	377.9
Provision	**326.5**	**389.4**
Reimbursement right	–27.2	–29.4
Net obligation	**299.2**	**360.0**

In order to secure and service existing pension obligations of Axel Springer, we founded the Axel Springer Pensionstreuhand e.V., Berlin, which is to be successively provided with earmarked assets. Effective September 1, 2011, the real estate assets previously held by the fully-consolidated special-purpose entity Axel-Springer-Immobilien-Fonds-I Dr. Rühl & Co. KG, Düsseldorf, were contributed with a fair value of € 24.3 million to this association, which is managing the assets in trust. In addition, we contributed € 25.2 million in cash to the association in 2011. Thus pension obligations amounting to € 321.3 million were shown as fund-financed for the first time.

The changes in the present value of the pension obligations are presented in the table below:

€ millions	2011	2010 [1]
Obligation as of January 1	476.6	431.5
Current service cost	6.9	6.0
Interest expense	19.7	21.0
Actuarial gains/losses	–19.8	21.4
Payments by employees	5.4	4.9
Transfer of pension obligation	0.8	0.3
Exchange rate change	2.4	15.6
Payments to retirees	–25.0	–24.1
Past service cost	0.7	0.0
Obligation as of December 31	**467.7**	**476.6**

[1] Prior-year figures adjusted due to a change in allocation.

In fiscal year 2012, contributions to fund-financed defined benefit plans are expected to total € 58.8 million (PY: € 2.4 million).

The fair value of the plan assets showed the following changes:

€ millions	2011	2010
Plan assets as of January 1	87.2	72.1
Expected income from plan assets	3.4	2.9
Employee contribution	2.0	1.6
Employer contribution	2.4	2.0
Benefits paid	–5.2	–5.2
Actuarial losses	–0.9	–0.8
Transfer of plan assets	50.3	0.5
Exchange rate changes	1.9	14.0
Plan assets as of December 31	**141.2**	**87.2**

The plan assets include the cash and real estate assets contributed to Axel Springer Pensionstreuhand e.V. in the reporting year as well as claims against an insurance company.

The investment strategy is based on specific investment guidelines or specific legal requirements, which are in line with our investment policy. The expected long-term income from plan assets is derived from the expected income of the asset classes within the portfolios and is based on a value-securing investment strategy mainly investing in obligations of issuers with high credit ratings, and real estate. The investment portfolio broke down as follows:

	12/31/2011	12/31/2010
Bonds	48.3%	74.9%
Shares	1.0%	1.9%
Real Estate	28.6%	17.7%
Others	22.1%	5.5%
Total	**100.0%**	**100.0%**

The fair value of the plan assets includes real estate used by the company itself in the amount of € 20.8 million (PY: € 0 million).

Axel Springer AG is entitled to reimbursement of pension obligations or pension expenses arising in connection with them in the context of the contribution of rotogravure printing operations to PRINOVIS Ltd. & Co. KG, Hamburg, in 2005. The reimbursement right is presented as a separate asset (see note (36)), whereas in the income statement, the income from the reimbursement is netted with the corresponding pension expenses. The value of the reimbursement claim was € 27.2 million in the reporting year (PY: € 29.4 million). The changes in the reporting period consisted of compounding effects of € 1.3 million (PY: € 1.5 million), actuarial losses of € 1.0 million (PY: gains of € 0.9 million), and reimbursement of pension payments of € 2.5 million (PY: € 2.5 million).

The expenses for defined benefit pension plans broke down as follows:

€ millions	2011	2010 [1]
Current service cost	6.9	6.0
Interest expense	19.7	21.0
Expected income from plan assets	−3.4	−2.9
Expected income from reimbursement rights	−1.3	−1.5
Past service cost	0.7	0.0
Pension expenses	**22.7**	**22.6**
Actual income from plan assets	2.6	2.2
Actual income from reimbursement rights	0.3	2.4

[1] Prior-year figures adjusted due to a change in allocation.

Service cost is presented within the personnel expenses. The interest portion contained in the pension expenses and the expected income from the plan assets and reimbursement right are presented as components of interest expenses.

At the reporting date, actuarial losses before factoring in tax effects amounting to € 0.9 million (PY: € 18.8 million) were accounted for in accumulated other comprehensive income.

The amounts of the current and the prior four reporting periods for the present value of the obligations, the fair value of plan assets, and the experienced-based adjustments to plan assets and liabilities are summarized in the table below:

€ millions	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
Present value of defined benefit obligations financed by fund	424.6	98.7	80.2	83.6	71.4
Fair value of plan assets	141.2	87.2	72.1	76.2	66.1
Present value of defined benefit obligations not financed by fund	43.1	377.9	351.3	336.1	336.2
Experience-based adjustments to plan liabilities	−0.1	−3.1	−3.9	2.8	1.8
Experience-based adjustments to plan assets	−0.9	−0.8	−0.5	0.0	0.0

(14) Other provisions and accrued liabilities

The other provisions and accrued liabilities broke down as follows:

€ millions	Balance as of 01/01/2011	Utilization	Reversals	Additions	Other changes	Balance as of 12/31/2011
Other obligations towards employees	53.8	45.3	1.5	60.8	0.6	68.4
Partial early retirement program (Altersteilzeit)	36.0	12.0	0.1	8.2	1.4	33.6
Returns	27.4	26.4	0.3	26.4	0.0	27.0
Structural measures	35.9	17.6	9.2	7.5	0.0	16.6
Litigation expenses	8.2	0.5	1.0	1.3	0.0	8.0
Discounts and rebates	6.5	4.1	0.5	4.6	0.0	6.5
Dismantling obligations	4.2	0.1	0.4	0.3	0.3	4.3
Other taxes	5.9	3.3	0.0	1.5	0.0	4.1
Other	16.1	7.9	0.9	7.4	1.2	15.9
Other provisions	**194.0**	**117.3**	**13.8**	**118.0**	**3.6**	**184.5**

Other obligations towards employees primarily included variable compensation tied to performance and loyalty bonuses. Provisions for structural measures were mainly allocated to the segments Newspapers National and Services/Holding. Provisions for returns comprise the expected sales returns of publishing products. The miscellaneous provisions account for anticipated losses on rental agreements, contributions, and custody/archiving obligations, among others.

The other changes resulted from the initial consolidation of acquired companies, currency translation differences and compound interest.

Non-current provisions are primarily contained in the provisions for partial early retirement programs (Altersteilzeit), dismantling obligations, and structural measures. Payments are expected to occur predominantly within the next five years.

(15) Financial liabilities

The financial liabilities comprise liabilities due to banks amounting to € 693.9 million (PY: € 355.5 million) and finance leases amounting to € 23.0 million (PY: € 0.8 million).

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

2011 € millions	2010 € millions	Interest rate in %	Maturity
635.0	275.0	3-month EURIBOR + 0.15	08/14/2013
29.9	32.5	5.64	10/31/2012
10.3	11.8	5.65	03/31/2012
9.7	10.4	5.09	11/30/2013
5.3	5.8	3-month EURIBOR + 0.30	10/15/2022
0.0	15.6	4.63	07/31/2011

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 reporting date additional unused short-term and long-term credit facilities amounted to € 885 million (PY: € 1,245 million).

We recognized a liability of € 22.6 million in financial liabilities due to Axel Springer AG leasing the building space contributed to Axel Springer Pensionstreuhand e. V., Berlin, in the reporting year in the context of a finance lease (see note (5)). The carrying amount of the assets held in the context of finance leases as of December 31, 2011 amounts to € 23.1 million (PY: € 1.0 million).

The future minimum lease payments arising from finance leases can be reconciled to their cash value as of December 31, 2011 as follows:

€ millions	Minimum lease payments	Interest portion	Present value
Due in up to one year	1.7	1.4	0.3
Due in one to five years	5.9	5.4	0.5
Due in more than five years	40.8	18.7	22.2
Total	**48.4**	**25.4**	**23.0**

The reconciliation as of December 31, 2010 breaks down as follows:

€ millions	Minimum lease payments	Interest portion	Present value
Due in up to one year	0.3	0.0	0.3
Due in one to five years	0.5	0.0	0.5
Total	**0.8**	**0.1**	**0.8**

At the reporting date, we expect future cash provided by subleasing of € 2.0 million (PY: € 0.0 million).

(16) Other liabilities

The other liabilities broke down as follows:

€ millions	12/31/2011	12/31/2010
Contingent consideration from business combinations	88.2	87.1
Debit balances in accounts receivable	19.7	26.4
Liabilities due to employees	17.6	14.9
Liabilities from derivatives	14.0	20.0
Other	36.9	18.8
Other financial liabilities	**176.4**	**167.1**
Prepaid subscriptions	85.4	80.6
Liabilities from other taxes	33.4	29.0
Accrued liabilities	22.9	22.3
Advance payments	21.7	19.2
Capital investment subsidies	20.9	16.0
Liabilities due to social insurance carriers	7.9	4.9
Liabilities for duties and contributions	6.7	8.9
Other	52.9	33.4
Other non-financial liabilities	**252.0**	**214.4**
Other liabilities	**428.3**	**381.5**

The increase in other liabilities primarily derived from the initial consolidation of acquired companies.

Acquisition-related liabilities consisted of contingent liabilities resulting from put options in respect of business combinations.

Liabilities due to employees related to outstanding wage and salary payments, management bonuses, and severance award claims.

Accrued liabilities contain liabilities resulting from overtime and unused vacation.

(17) Maturity analysis of financial liabilities

The contractually agreed (undiscounted) payments related to financial liabilities are presented in the following table:

€ millions	Carrying amount as of 12/31/2011	Undiscounted cash outflows 2012	2013–2016	2017 ff.
Financial liabilities	716.9	50.4	648.9	5.2
Contingent consideration from business combinations	88.2	0.8	79.0	15.8
Other non-derivative financial liabilities	363.3	351.6	7.5	4.2
Derivative financial liabilities designated as a hedging instrument	14.8	8.7	6.0	0.1

€ millions	Carrying amount as of 12/31/2010	Undiscounted cash outflows 2011	2012–2015	2016 ff.
Financial liabilities	356.2	33.1	337.1	3.5
Contingent consideration from business combinations	87.1	4.3	78.5	15.8
Other non-derivative financial liabilities	327.8	319.6	7.3	0.9
Derivative financial liabilities designated as a hedging instrument	20.0	7.4	12.4	0.1

Notes to the consolidated statement of comprehensive income

(18) Revenues

The revenues broke down as follows:

€ millions	2011	2010
Advertising revenues	1,606.8	1,384.8
Circulation revenues	1,204.5	1,174.3
Printing revenues	57.6	50.4
Other revenues	316.0	284.4
Revenues	**3,184.9**	**2,893.9**

The revenues from barter transactions amounted to € 57.0 million in 2011 (PY: € 52.8 million). These revenues were generated mainly from the bartering of advertising services.

The increase year-on-year resulted particularly from the initial consolidation of acquired companies.

(19) Other operating income

The other operating income broke down as follows:

€ millions	2011	2010
Foreign exchange gains	13.9	11.7
Income from reversal of provisions	13.8	11.5
Income from reversal of allowances	2.2	0.0
Miscellaneous operating income	43.4	126.9
Other operating income	**73.3**	**150.1**

The remaining amount in miscellaneous other operating income included a large number of circumstances with immaterial amounts. In the prior year, the miscellaneous other operating income mainly included the income on the disposal (excluding related expenses) of the business unit Solutions of StepStone Group (€ 73.7 million).

(20) Purchased goods and services

The purchased goods and services broke down as follows:

€ millions	2011	2010
Raw materials and supplies and purchased merchandise	265.1	253.8
Purchased services	790.6	696.8
Purchased goods and services	**1,055.7**	**950.6**

Raw materials and supplies and purchased merchandise comprised paper costs amounting to € 181.7 million (PY: € 169.2 million).

The cost of purchased services was predominantly composed of purchased third-party printing services and professional fees, as well as publisher services in the context of performance-based marketing. The purchased third-party printing services also included paper costs.

The increase year-on-year primarily resulted from the initial consolidation of acquired companies, increased paper costs, and the improved business in the area of performance-based marketing.

(21) Personnel expenses

The personnel expenses broke down as follows:

€ millions	2011	2010
Wages and salaries	728.9	681.9
Social security	105.4	90.7
Retirement benfits	8.8	7.5
Expenses for share-based payments	5.0	9.9
Other benefit expenses	3.4	2.9
Personnel expenses	**851.6**	**792.9**

The average number of employees in the Group is shown below:

	2011	2010
Salaried employees	8,216	7,244
Editors	3,685	3,455
Wage-earning employees	984	864
Total employees	**12,885**	**11,563**

The increase in personnel figures compared to the prior year resulted particularly from the initial consolidation of acquired companies and from staff increases in the strongly growing digital business units.

(22) Depreciation, amortization, and impairments

The depreciation, amortization, and impairments broke down as follows:

€ millions	2011	2010
Impairment losses in goodwill	7.8	0.0
Amortization of other intangible assets	68.1	48.9
Impairment losses in other intangible assets	0.6	2.2
Depreciation of property, plant, and equipment	61.0	55.1
Impairment losses in property, plant, and equipment	0.0	0.4
Depreciation of investment property	1.3	1.3
Impairment losses in investment property	0.0	5.6
Depreciation, amortization, and impairments	**138.8**	**113.5**

The increase in the amortization of other intangible assets primarily resulted from increased effects of purchase price allocations and additional amortization charges deriving from the initial consolidation of acquired companies.

Impairment losses in goodwill primarily affected the Print International segment.

Impairment losses in non-current financial assets applied in the reporting year are included in the income from investments.

(23) Other operating expenses

The other operating expenses broke down as follows:

€ millions	2011	2010
Advertising expenses	201.4	160.0
Mailing and postage expenses	163.0	157.6
Expenses for non-company personnel	111.7	100.2
Commissions and gratuities	71.2	77.3
Rental and leasing expenses	39.7	38.4
Maintenance and repairs	32.4	30.0
Travel expenses	22.2	19.1
Services provided by related parties	20.7	39.3
Foreign exchange losses	11.7	16.8
Adjustment of allowances for doubtful receivables	7.9	8.1
Other taxes	7.1	8.3
Miscellaneous operating expenses	95.0	118.8
Other operating expenses	**783.9**	**773.9**

The increase in other operating expenses due to more intensive advertising measures was partially compensated by the decline in services provided by related parties in connection with the initial consolidation of acquired companies.

The following professional fees for the services rendered by the auditor Ernst & Young GmbH were recognized:

€ millions	2011	2010
Audits of the annual financial statements	0.7	0.7
Other certification or appraisal services	0.1	0.1
Tax advisory services	0.2	0.1
Other services	0.1	0.3
Total professional fees	**1.1**	**1.3**

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.

(24) Income from investments

The investment income in the reporting year of € 9.5 million (PY: € – 8.2 million) was particularly influenced by the impairment losses on the investment in Infor Biznes (€ 8.1 million).

In the prior year, the investment income mainly resulted from an impairment of our investment in PRINOVIS (€ 21.4 million) and from foreign exchange losses (€ 16.7 million) that were recognized affecting net income in the context of the reduction of our equity interest in Doğan TV. These losses were partly offset by profits from the sale of investments in Cora Verlag (€ 6.4 million) and the sale of investments in regional newspapers (€ 6.2 million) in the prior year.

(25) Financial result

The financial result broke down as follows:

€ millions	2011	2010
Interest income from derivatives	0.0	0.1
Interest income from bank accounts	2.5	1.5
Interest income from loans and securities	0.1	0.1
Other interest income	19.5	9.1
Interest income	**22.1**	**10.9**
Interest expenses on liabilities due to banks	–13.4	–7.9
Interest expenses on pension provisions[1]	–15.0	–16.6
Interest expenses from derivatives	–7.8	–10.3
Miscellaneous interest expenses	–9.3	–9.5
Interest and similar expenses	**–45.4**	**–44.4**
Other financial result	**0.2**	**2.3**
Financial result	**–23.1**	**–31.2**

[1] Less reimbursements and expected income from plan assets.

In the current year, the other interest income mainly comprised interest income from tax credits and the lapse of accrued tax-related interest.

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:

€ millions	2011	2010
Total interest income	9.6	7.1
Total interest expenses	–24.3	–19.9

(26) Income taxes

The income taxes paid or owed 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:

€ millions	2011	**2010**
Current taxes	145.3	142.0
Deferred taxes	–13.3	–38.4
Income taxes	**132.0**	**103.6**

The income tax expense applying the tax rate of Axel Springer AG reconciles to the income tax expense recognized in the income statement as follows:

€ millions	2011	**2010**
Income before income taxes	421.3	377.7
Tax rate of Axel Springer AG	31.19%	31.19%
Expected tax expenses	**131.4**	**117.8**
Differing tax rates	–5.5	–7.6
Changes in tax rates	–0.5	0.0
Permanent differences	12.8	6.6
Adjustments to carrying amounts of deferred taxes	2.4	–36.0
Current income taxes for prior years	–4.5	15.5
Deferred income taxes for prior years	3.4	3.4
Non-deductible operating expenses	6.2	20.1
Tax-exempt income	–12.6	–13.4
Trade tax additions/deductions	0.8	–0.7
Other effects	–1.9	–2.0
Income taxes	**132.0**	**103.6**

Companies having the legal form of a corporation resident in Germany are subject to corporate income tax at the rate of 15 % and solidarity surcharge of 5.5 % of the corporate income tax owed. In addition, the profits of these companies are subject to trade tax, for which the amount is municipality-specific. 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 Axel Springer AG are explained in the reconciliation in the item differing tax rates. The permanent differences resulted mainly from impairment losses in goodwill and deconsolidation effects that are not taken into account for tax purposes. The adjustments made to the carrying amounts of deferred taxes included € 2.2 million (PY: € 2.8 million) for the non-recognition of deferred taxes on tax loss carry-forwards. The adjustments made to the carrying amounts of the prior year were mainly attributable to the use of tax loss carry-forwards that have not been capitalized (€ – 33.6 million). The amount of non-deductible operating expenses in the prior year resulted primarily from non-deductible expenses from the disposal of investments.

Deferred tax assets and liabilities were recognized to account for temporary differences and tax loss carry-forwards, as follows:

€ millions	12/31/2011 Deferred tax assets	12/31/2011 Deferred tax liabilities	12/31/2010 Deferred tax assets	12/31/2010 Deferred tax liabilities
Intangible assets	19.2	181.5	20.7	91.4
Non-current assets under finance leases	0.0	7.1	0.0	0.0
Property, plant, and equipment	0.5	113.2	0.2	123.6
Non-current financial assets	1.6	0.9	1.8	0.6
Inventories	0.8	0.0	1.2	0.0
Receivables and other assets	9.4	1.3	2.2	7.8
Pension provisions	9.7	0.6	29.2	0.1
Other provisions	6.6	3.9	6.2	0.9
Liabilities	19.0	1.3	11.5	1.1
Temporary differences	**66.8**	**309.8**	**72.8**	**225.3**
Tax loss carry-forwards	**17.2**	**0.0**	**18.8**	**0.0**
Total	**84.0**	**309.8**	**91.7**	**225.3**
Offsetting	−56.5	−56.5	−61.0	−61.0
Amounts as per balance sheet	**27.5**	**253.3**	**30.6**	**164.3**

The increase in deferred tax liabilities in intangible assets results particularly from initial consolidations that occurred in the reporting year. The contribution of real estate assets and cash to Axel Springer Pensionstreuhand e.V. to secure existing pension obligations led to a reduction in deferred taxes in the other property, plant, and equipment and pension provisions, and to an increase in deferred taxes in receivables and other assets, non-current assets under finance leases, and liabilities.

The net balance of deferred tax items from January 1 to December 31, 2011, was derived as follows:

€ millions	2011	2010
Deferred tax assets as of January 1	30.6	16.3
Deferred tax liabilities as of January 1	−164.3	−167.9
Net tax position as of January 1	**−133.7**	**−151.6**
Deferred tax expenses of current year	13.3	38.4
Changes in deferred taxes recognized in other comprehensive income	−8.9	7.4
Changes in consolidation group	−96.5	−27.8
Net tax position as of December 31	**−225.8**	**−133.6**
Deferred tax assets as of December 31	27.5	30.6
Deferred tax liabilities as of December 31	−253.3	−164.3

Of the deferred tax assets, an amount of € 12.4 million (PY: € 13.5 million), and of the deferred tax liabilities, an amount of € 0.8 million (PY: € 7.4 million) can be realized in the short term.

The amount of deferred tax assets to be disclosed in accordance with IAS 12.82 was € 16.6 million (PY: € 17.7 million). It is expected that this amount can be realized by application against the available operating income.

Deferred taxes in the total amount of € 4.9 million (PY: € 13.8 million) were recognized directly in equity, as they relate to matters that were likewise recognized directly in equity.

In fiscal year 2011, no deferred tax assets were recognized with respect to corporate income tax loss carry-forwards amounting to € 187.3 million (PY: € 210.0 million), and with respect to trade tax loss carry-forwards amounting to € 17.8 million (PY: € 21.2 million) 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, an amount of € 14.9 million (PY: € 23.0 million) can be carried forward for up to five years and an amount of € 10.5 million (PY: € 10.4 million) 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 € 3.2 million (PY: € 33.5 million). In the past fiscal year, there were corrections of recognized tax loss carry-forwards due to tax audits or differing tax assessments in the amount of € 1.6 million (PY: € 0.0 million).

As a rule, deferred taxes must be recognized to account for the difference between the Group's interest in the equity of the subsidiaries as presented in the consolidated balance sheet and the corresponding investment balances recognized in the financial statements for tax purposes. Such differences can result from the retention of earnings. Deferred tax liabilities were not recognized on differences of € 6.0 million (PY: € 16.4 million) because a realization is not planned at the present time. In the case of sale or profit distribution, the gain on disposal or the dividend, respectively, would be subject to taxation at 5 % in Germany; in addition, foreign withholding taxes might be incurred.

(27) Earnings per share

The earnings per share were determined as follows:

		2011	2010
Net income attributable to shareholders of Axel Springer AG	**€ millions**	**257.8**	**252.7**
Weighted average shares outstanding	000s	98,517	92,396
Dilution effect of stock options granted	000s	0	167
Weighted average shares diluted	000s	98,517	92,563
Net income attributable to shareholders of Axel Springer AG per share			
basic	€	2.62	2.73
diluted	€	2.62	2.73

Due to the share split carried out in the current year at a 1:3 ratio (see note (11)), the calculation of the weighted average shares and the prior-year earnings per share were adjusted.

(28) Other income/loss

The other income/loss broke down as follows:

	2011			2010		
€ millions	**Before tax**	**Tax effect**	**Net**	**Before tax**	**Tax effect**	**Net**
Actuarial gains/losses from defined benefit pension obligations	17.9	−5.6	12.3	−21.2	6.4	−14.8
Currency translation differences	−9.6	0.0	−9.6	36.9	0.0	36.9
Changes in fair value of available-for-sale financial assets	2.4	−1.7	0.7	2.5	0.0	2.5
Changes in fair value of derivatives in cash flow hedges	5.1	−1.6	3.5	1.5	−0.3	1.3
Other income/loss from investments accounted for using the equity method	0.0	0.0	0.1	10.2	1.3	11.5
Other income/loss	**15.9**	**−8.9**	**7.0**	**29.9**	**7.4**	**37.3**

Notes to the consolidated statement of cash flows

(29) Other disclosures

The cash and cash equivalents were composed of short-term available cash in banks, cash on hand, and checks.

Capital expenditures of € 2.0 million (PY: € 6.8 million) had not yet been realized as cash payments. This related to additions in both intangible assets and property, plant, and equipment.

In the context of an out-of-court settlement of the tax cases of the Doğan TV Group and existing indemnification obligations of Doğan Yahin Holding A.S., the latter company agreed with Axel Springer to make funds in the translated amount of € 64.7 million available for participation in a capital increase at Doğan TV Holding A.S. In return, Axel Springer agreed to participate in the capital increase with the provided funds. The capital increase was implemented in August 2011. In accordance with the economic content of the transaction, these cash inflows and outflows were set off in the statement of cash flows.

In the reporting year, we contributed both € 25.2 million in cash and also real estate assets with carrying amounts of € 17.3 million to the Axel Springer Pensionstreuhand e. V. (see note (13)) in order to secure and service existing pension obligations of Axel Springer. In the prior year, we contributed assets and liabilities at carrying amounts of € 62.2 million to a joint venture in the context of the merger of the eastern European business activities of Axel Springer and Ringier.

Notes to the consolidated segment report

(30) Basic principles of segment reporting

The segment reporting reflects the internal management and reporting structures.

The reporting format is structured according to the operating business areas of the Axel Springer Group and comprises the reporting segments Newspapers National, Magazines National, Print International, Digital Media, and Services/Holding.

Segment assets, liabilities, and investments were not disclosed on the basis of operating segments as these measures are not used for decision making at segment level.

(a) Operating segments

The Newspapers National segment includes daily newspapers and Sunday newspapers, national and regional subscription newspapers, and advertising supplements. This segment also included investments in German newspaper publishing companies.

The Magazines National segment includes TV program guides, women's magazines, computer, car, sports, and music 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 activities of SeLoger, Idealo, Immonet, auFeminin, StepStone, and ZANOX. Furthermore, this segment also comprises the investment in the TV broadcast company Doğan TV.

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. Our three offset printing plants, investments in two offset printing plants outside Germany, and the rotogravure printing company PRINOVIS are likewise included in the Services/Holding segment.

(b) Geographical information

The activities of the Axel Springer Group are conducted mainly in Germany and in other European countries.

For purposes of geographical segment reporting, the revenues are segmented according to the location of the customer's registered office and the non-current assets according to the location of the legal entity.

(31) 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 comprise circulation revenues from the sale of publishing products, advertising revenues, and revenues from rendering services. 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.

We use the performance figure EBITDA (earnings before interest, taxes, depreciation and amortization) to measure segment earnings. In calculating this performance figure, non-recurring effects and purchase price allocation effects are eliminated.

Non-recurring effects include effects from the acquisition and disposal 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.

Impairments of financial assets in particular were disclosed as non-recurring effects in the Print International segment (€ –8.1 million), the Magazines National segment (€ –0.3 million), the Newspapers National segment (€ –0.5 million), and the Services/Holding segment (€ –0.7 million; PY: € –21.4 million). The other non-recurring effects in the segments related to expenses in connection with company acquisitions occurring or planned at € –2.6 million (PY: € –4.7 million). In addition, exchange losses in the amount of € –18.4 million were recorded as a non-recurring effect in the Digital Media segment in the previous year, particularly in connection with the reduction in our interest in Doğan TV, as well as effects from disposals of investments and business in the Digital Media segment at € 50.2 million, the Newspapers National segment at € 6.2 million, and the Magazines National segment at € 1.6 million.

The effects of purchase price allocations mainly consisted of amortization and depreciation on intangible assets and on property, plant, and equipment that were acquired in the context of business combinations. They also contain impairment losses on goodwill in the amount of € –6.5 million (Print International) and € –1.2 million (Services/Holding).

Other disclosures

(32) 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 we used for management purposes are primarily earnings-driven. The goals, methods, and processes of our capital management are subordinate to the earnings-driven financial key figures.

Particularly for financing business acquisitions we can draw on firmly promised credit lines amounting to € 1.5 billion (until 2012) respectively € 1.0 billion (until 2013). The drawdown of the credit lines is tied to a compliance with the credit terms. Since the existence of the credit lines we have fully complied with all credit terms.

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. As of December 31, 2011, the treasury shares represented 0.3 % (PY: 0.6 %) of the company's share capital.

(33) Financial assets and liabilities

The balance sheet items comprising financial assets and liabilities can be attributed to the measurement categories according to IAS 39 as follows:

€ millions	Carrying amount	Loans and receivables	Financial liabilities	Available-for-sale financial assets	Financial assets and liabilities held for trading	No category according to IAS 39
Assets 12/31/2011						
Other non-current investments and securities	430.4			430.4		
Loans and advances	25.5	25.5				
Other non-current financial assets	455.9	25.5		430.4		
Trade receivables	442.4	442.4				
Receivables due from related parties	41.9	14.7				27.2
Derivatives not designated as a hedging instrument	0.4				0.4	
Other	184.2	157.1				27.1
Other assets	184.6	157.1			0.4	27.1
Cash and cash equivalents	244.0	244.0				
Liabilities 12/31/2011						
Financial liabilities	716.9		716.9			
Trade payables	272.1		272.1			
Liabilities due to related parties	27.6		17.9			9.7
Derivatives designated as a hedging instrument	14.8					14.8
Derivatives not designated as a hedging instrument	0.7				0.7	
Other	412.8		160.9			252.0
Other liabilities	428.3		160.9		0.7	266.8
Assets 12/31/2010						
Other non-current investments and securities	474.1			474.1		
Loans and advances	2.1	2.1				
Other non-current financial assets	476.1	2.1		474.1		
Trade receivables	385.9	385.9				
Receivables due from related parties	48.8	19.4				29.4
Derivatives not designated as a hedging instrument	2.4				2.4	
Other	224.8	202.3				22.6
Other assets	227.2	202.3			2.4	22.6
Cash and cash equivalents	435.9	435.9				
Liabilities 12/31/2010						
Financial liabilities	356.2		356.2			
Trade payables	245.3		245.3			
Liabilities due to related parties	33.4		22.4			11.0
Derivatives designated as a hedging instrument	20.0					20.0
Derivatives not designated as a hedging instrument	0.1				0.1	
Other	361.4		147.1			214.3
Other liabilities	381.5		147.1		0.1	234.3

With the exception of the following financial assets and liabilities the valuation is at amortized cost.

€ millions	Fair value based on market price	Fair value based on observable market data	Fair value not based on observable market data
December 31, 2011			
Other non-current investments and securities	22.7		
Derivatives not designated as a hedging instrument (positive fair value)		0.4	
Derivatives not designated as a hedging instrument (negative fair value)		0.7	
Other liabilities			88.2
December 31, 2010			
Other non-current investments and securities	72.5		
Derivatives not designated as a hedging instrument (positive fair value)		2.4	
Derivatives not designated as a hedging instrument (negative fair value)		0.1	
Other liabilities			87.1

Other liabilities measured at fair value not based on observable market data referred to contingent consideration from business combinations. Hereof, € 54.3 million (PY: € 22.7 million) were recognized affecting net income. The fair values mainly depending on the future development of net income of the corresponding companies developed as follows:

€ millions	2011	2010
Balance as of January 1	**87.1**	**47.5**
Initial consolidation	30.7	23.6
Reduction	–38.8	0.0
Revaluation affecting net income	–0.8	0.5
Revaluation not affecting net income	6.5	15.4
Compound	4.1	2.8
Payment	–0.5	–2.7
Balance as of December 31	**88.2**	**87.1**

Revaluation affecting net income was recognized in other operating income with an amount of € 3.1 million (PY: € 1.2 million) and in other operating expenses with an amount of € 2.3 million (PY: € 1.7 million).

With the exception of the financial liabilities presented in the table below, the carrying amounts of the non-derivative financial assets and liabilities were identical to their fair values.

	12/31/2011		12/31/2010	
€ millions	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities due to banks	693.9	695.2	355.5	358.5

The net gains and losses of financial instruments (excluding interest and dividends) recognized in the income statement are presented in the following table.

€ millions	2011	2010
Loans and receivables, financial liabilities	−5.6	−10.1
Available-for-sale financial assets	−1.4	6.0
Financial assets and liabilities held for trading	−0.1	2.2

The net gains and losses in the categories of "loans and receivables" and "financial liabilities" consisted mainly of valuation allowances and the result from the currency translation and almost entirely resulted from financial assets and liabilities recognized at amortized cost or at fair value not affecting net income.

The net gains or losses of available-for-sale financial assets consisted mainly of the gains and losses on the disposal of these financial assets. The net gains and losses in the category of "financial assets and liabilities held for trading" mostly resulted from valuation changes and other expenses for financial derivatives assigned to this category.

Relating to available-for-sale financial assets, positive fair value changes of € 5.0 million were recognized directly in equity for the remeasurement of our investment in iProperty. The fair value adjustments of € 2.5 million recognized in the prior year were derecognized in the reporting year with no effect on net income. In the reporting year, as in the prior year, none of the amounts recognized in equity were reversed by recognition in the income statement.

(34) Financial risk management

With respect to its financial assets and liabilities, the Axel Springer Group is exposed to financial market risks, liquidity risks, and credit risks. The task of financial risk management is to limit these risks by means of targeted measures.

(a) Financial market risks

Financial market risks for financial assets and liabilities mainly consist of interest rate risks and exchange rate risks.

With regard to selected financial instruments, compliance with prescribed loss limits is monitored on a daily basis. In principle, the effects of these risks on the value can be assessed promptly and, where applicable, the loss risks can be reduced.

Selected derivative hedging instruments are used to hedge risks. 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.

To hedge the interest rate risk, we employ interest rate derivatives such as interest rate swaps, collars, forward rate agreements, and interest futures. The degree of hedging specified in the Axel Springer finance regulations ranges between 30 % and 100 % of the underlying transaction volume. In the annual average, 56 % (PY: 92 %) of the liabilities to banks have been hedged. At balance sheet date, an amount of € 360.0 million (PY: € 0.0 million) of the variable-interest liabilities due to banks was not hedged.

The effects of market interest rate changes on variable-interest financial instruments not hedged with financial derivatives are calculated using a sensitivity analysis. Assuming a parallel shift in the yield curve of 50 basis points, the financial result would change by € 1.8 million. Due to the nearly complete hedging of variable-interest liabilities due to banks, there would have been no material effect on the financial result in the prior year.

Further effects of market interest rate changes in financial derivatives designated as hedging instruments in the context of cash flow hedges are likewise determined using a sensitivity analysis. Assuming a parallel shift in the yield curve of 50 basis points, the change in the market value of interest rate derivatives would amount to € 1.9 million (PY: € 3.2 million). This effect would have to be recorded in accumulated other comprehensive income.

Risks of changes in value due to exchange rate fluctuations in future foreign currency payments are mainly avoided in that operating costs are incurred in the countries in which we sell our products and services. Remaining currency risks from operations are insignificant to the Group since the majority of EBITDA is earned in the euro currency zone. In the reporting period, the share of EBITDA not earned in euros was 11 % (PY: 11 %). Currency risks from foreign currency claims and liabilities (without contingent consideration) with net exposures starting at € 5 million per foreign currency are hedged by means of coordinated forward exchange transactions.

Cash and cash equivalents in local currency that are generated in non-EU countries are either reinvested to develop the local business activities, placed at Axel Springer AG and secured by forward exchange transactions or distributed. Therefore, the foreign exchange risk from fluctuating exchange rates for foreign currency cash and cash equivalents is limited.

Effects from the currency translation of statements prepared by subsidiaries in foreign currencies are recorded directly in accumulated other comprehensive income. Therefore, Axel Springer does not hedge such currency effects.

(b) Liquidity risk

We continually monitor the availability of financial resources to fund the company's operating activities and investments by means of a Group-wide liquidity planning system and monthly cash flow analyses. The liquidity and financial flexibility of the Axel Springer Group is secured by firmly promised credit lines in the amount of € 1.5 billion (until 2012) and 1.0 billion (until 2013). Note (17) contains an analysis of the due dates of our financial obligations. The payment obligations for financial obligations that have been contractually agreed but not yet recorded are presented in note (39).

(c) Credit risk

Financial assets may be impaired if business partners do not adhere to payment obligations. The maximum exposure to risk from financial assets, which are fundamentally subject to credit risk, correspond to their carrying amounts.

Significant risk items are contained in trade receivables, receivables due from related parties, other assets, and funds.

To reduce the credit risk on trade receivables and receivables due from related parties, we conduct active management of receivables, credit limits, and credit checks of our business partners. Appropriate allowances are formed to account for discernible default risks.

A deferred purchase price of € 125.0 million (PY: € 150.0 million) carried in other assets, and related interest claims in connection with the sale of investments in regional newspapers, are hedged by a contractual lien on the shares sold.

Investments in securities are made only in instruments with first-class ratings according to our finance regulations. Investment in time deposits occurs exclusively at financial institutions that belong to the deposit protection fund and are classified by leading rating agencies as being at least of Investment Grade Status (BBB, Baa).

(35) Financial derivatives

(a) Financial derivatives designated as hedging instruments

In 2011, designated hedging instruments were used in particular to hedge against the interest rate risks of long-term liabilities. The cash flows were hedged through 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. As of December 31, 2011, loans in the nominal amount of € 280.3 million (PY: € 280.8 million) were hedged. The fair value measurement of the interest rate derivatives at the balance sheet date yielded negative fair values of € 14.8 million (PY: € 20.0 million). Fair value changes in the net amount of € 10.7 million (PY: € 14.2 million) after taxes were recognized in accumulated other comprehensive income.

(b) Financial derivatives not designated as hedging instruments

As of December 31, 2011, currency swaps regarding loans of foreign subsidiaries with a nominal amount of € 9.7 million (PY: € 31.3 million) had a negative fair value of € –0.7 million (PY: € 2.4 million). At the same time, currency swaps regarding loans of foreign subsidiaries with a nominal amount of € 15.2 million (PY: € 0.0 million) had a positive fair value of € 0.4 million (PY: € 0.0 million).

In order to secure our investment in Doğan TV we concluded several guarantee agreements (derivatives) with the seller. As a reliable fair value measurement of our investment in Doğan TV is not possible, the valuation of the derivatives is at amortized cost according to the recognition of our investment.

(36) Relationships with related parties

Related parties are defined as those persons and companies that control the Axel Springer Group, or that are controlled or subject to significant influence by the Axel Springer Group. Accordingly, the members of the Springer family, the companies controlled or subject to significant influence by this family, as well as companies in whose management they hold a key position have been defined as related parties for the Axel Springer Group. Control of the Group is exercised by Axel Springer Gesellschaft für Publizistik GmbH & Co. or its parent company, Friede Springer GmbH & Co. KG, a majority of which is attributable to Dr. h.c. Friede Springer. In addition, the subsidiaries and associated companies of the Axel Springer Group have been defined as related companies. In addition to the active members of the Management Board and Supervisory Board of Axel Springer AG (including their family members) and their majority holdings, the institutions managing the plan assets of the Axel Springer Group are also considered related parties.

Besides the business relationships with the consolidated subsidiaries, the following business relationships existed with related parties:

€ millions	Total	Associated companies	Other related parties	Total	Associated companies	Other related parties
Balance sheet	12/31/2011			**12/31/2010**		
Loans	1.5	0.7	0.8	0.6	0.6	0.0
Receivables	41.9	39.7	2.1	48.8	43.9	5.0
Thereof trade	12.2	11.4	0.8	18.2	14.0	4.2
Thereof allowances	27.3	2.6	24.7	25.0	2.7	22.3
Provisions	7.4	0.0	7.4	6.6	0.0	6.6
Liabilities	27.6	9.4	18.2	33.4	9.6	23.8
Thereof trade	14.6	6.4	8.3	19.3	6.9	12.4
Income statement	2011			**2010**		
Goods and services supplied	90.3	87.9	2.3	73.0	66.5	6.4
Goods and services received	101.9	75.5	26.4	130.5	83.3	47.2
Financial result	0.4	0.0	0.4	0.6	0.1	0.4

The changes in the allowances for receivables due to related parties are presented in the table below:

€ millions	2011	2010
Balance as of January 1	**25.0**	**20.3**
Utilization	0.0	−0.1
Reversals	−0.1	−0.1
Additions	1.3	4.8
Other changes	1.1	0.0
Balance as of December 31	**27.3**	**25.0**

As of December 31, 2011, receivables in the amount of € 40.5 million (PY: € 43.4 million) were neither past due nor subject to valuation allowances. With regard to these receivables, there were no indications at the reporting date that would suggest that the related parties would not fulfill their payment obligations.

The receivables due from associated companies included a reimbursement right for pension obligations in the amount of € 27.2 million (PY: € 29.4 million) (see note (13)).

The provisions refer to pension obligations owed to members of the Management Board.

Goods and services provided to related companies were mostly related to the distribution of newspapers and magazines. The services received from related companies mainly comprised purchased publishing products and printing services. A master agreement for the printing of magazines is in effect with PRINOVIS until December 31, 2019. Under this agreement, services in the amount of € 57.5 million (PY: € 58.7 million) were rendered for companies of the Axel Springer Group in 2011.

In 2011, the fixed compensation of the members of the Management Board of Axel Springer AG amounted to € 8.7 million (PY: € 8.7 million). The variable compensation amounted to € 8.3 million (PY: € 9.2 million). The measurement of the share-based compensation granted to the Management Board of Axel Springer AG gave rise to other operating income of € 1.3 million in the reporting year. In the prior year, this resulted in a personnel expense of € 9.5 million. The pension provisions were increased by an amount of € 0.8 million (PY: € 1.2 million).

The compensation of the members of the Supervisory Board amounted to € 2.5 million (PY: € 2.8 million). This figure included variable compensation of € 0.5 million (PY: € 0.8 million). A Supervisory Board member received a compensation of € 0.1 million (PY: € 0.1 million) for his services as an author.

The compensation of the members of the Management and Supervisory Board is described in detail in the compensation report, which is part of the notes to the consolidated financial statements. The compensation report is included in the section "Declaration on Corporate Governance pursuant to Section 289a HGB and Corporate Governance Report".

An amount of € 2.2 million (PY: € 2.2 million) was paid to former Management Board members and special directors and their survivors. A total amount of € 25.6 million (PY: € 26.9 million) was allocated to the provisions for pension obligations.

For transactions with the institutions managing the plan assets of the Axel Springer Group please find the explanations in note (13).

(37) Contingent liabilities

As of December 31, 2011, contingent liabilities from guarantees existed in the amount of € 16.2 million (PY: € 17.2 million). In addition, obligations from contingent considerations existed in the amount of € 3.6 million (PY: € 7.6 million), but we consider their occurrence as not probable.

(38) Contingent assets

Contingent assets were due from KirchMedia GmbH & Co KGaA i.L. in the amount of € 273.0 million (PY: € 273.0 million (see note (10))). In addition, claims to future tax concessions existed in relation to capital investment grants of € 8.5 million (PY: € 9.9 million).

(39) Other financial commitments

The other financial commitments broke down as follows:

€ millions	12/31/2011	12/31/2010
Purchase commitments for		
- intangible assets	15.5	14.3
- property, plant, and equipment	4.0	5.0
- inventories	9.9	11.5
Future payments under operating leases	113.3	88.8
Future payments under finance leases	32.6	0.8
Long-term purchase obligations	173.5	383.4
Other financial obligations	**348.9**	**503.7**

The long-term purchase obligations resulted from paper supply contracts.

The total future obligations under minimum lease payments from operating leases at December 31, 2011 are broken down in the following table:

€ millions	2011	2010
Due in up to one year	31.1	30.3
Due in one to five years	69.9	51.5
Due in more than five years	12.3	7.0
Total	**113.3**	**88.8**

(40) Events after the balance sheet date

There were no significant events after the balance sheet date.

(41) 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.

(42) Companies included in the consolidated financial statements and share property

No.	Company	Share-holding in %	via No.	
1	Axel Springer Aktiengesellschaft, Berlin (Parent company)	-	-	
	Fully consolidated companies			
	Germany			
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	ASV Direktmarketing GmbH, Hamburg	100.0	1	5) 6)
6	Axel Springer Asia GmbH, Hamburg	100.0	1	
7	Axel Springer Auto-Verlag GmbH, Hamburg	100.0	1	5) 6)
8	Axel Springer Digital TV Guide GmbH, Berlin	100.0	1	5) 6)
9	Axel Springer Financial Media GmbH, Munich	100.0	1	5) 6)
10	Axel Springer Media Impact Dienstleistungs-GmbH (previously Axel Springer Mediasales & Service GmbH), Berlin	100.0	1	5) 6)
11	Axel Springer Media Logistik GmbH, Berlin	100.0	1	
12	Axel Springer Mediahouse Berlin GmbH, Berlin	100.0	1	5) 6)
13	Axel Springer Medien Accounting Service GmbH, Berlin	100.0	1	5) 6)
14	Axel Springer Services & Immobilien GmbH, Berlin	100.0	1	5) 6)
15	Axel Springer TV NEWS GmbH, Hamburg	100.0	16	
16	Axel Springer TV Productions GmbH, Hamburg	100.0	1	5) 6)
17	Axel Springer Venture GmbH, Berlin	100.0	1	5) 6)
18	'Axel Springer Verlag' Beteiligungsgesellschaft mbH, Berlin	100.0	1	5) 6)
19	Axel Springer Vertriebsservice GmbH (previously Axel Springer Verlag Vertriebsgesellschaft mbH), Hamburg	100.0	1	5) 6)
20	B.Z. Ullstein GmbH, Berlin	100.0	46	5)
21	Bergedorfer Buchdruckerei von Ed. Wagner (GmbH & Co.), Hamburg	100.0	1	7)
22	BERLINER WOCHENBLATT Verlag GmbH, Berlin	100.0	50	5) 6)
23	BILD digital GmbH & Co. KG, Berlin	100.0	1	7)
24	Buch- und Presse-Großvertrieb Hamburg GmbH & Co. KG, Hamburg	69.8	1	7)
25	Commerz-Film GmbH, Berlin	100.0	1	5) 6)
26	comparado GmbH, Luneburg	100.0	33	
27	COMPUTER BILD Digital GmbH (previously Computerbild Online Dienstleistungs-GmbH), Hamburg	100.0	1	5) 6)
28	eprofessional GmbH, Hamburg	100.0	51	
29	finanzen.net GmbH, Karlsruhe	55.0	1	
30	gamigo AG, Hamburg	100.0	17	
31	Gofeminin.de GmbH, Cologne	100.0	60	
32	hamburg.de GmbH & Co. KG, Hamburg	51.0	17	7)
33	Idealo Internet GmbH, Berlin	74.9	17	
34	Immonet GmbH, Hamburg	100.0	1	5) 6)
35	ims Internationaler Medien Service GmbH & Co. KG, Hamburg	55.0	1	7)
36	Juno Internet GmbH, Berlin	74.9	1	
37	Niendorfer Wochenblatt Verlag GmbH & Co. KG, Hamburg	100.0	50	7)
38	PACE Paparazzi Catering & Event GmbH, Berlin	100.0	1	5) 6)
39	Panther Holding GmbH, Berlin	100.0	33	5)
40	Schwartzkopff TV-Productions GmbH & Co. KG, Hamburg	100.0	16	7)
41	Smarthouse Media GmbH, Karlsruhe	91.0	1	
42	Sohomint GmbH, Hamburg	72.6	1	
43	StepStone Deutschland GmbH, Düsseldorf	100.0	44	5) 6)
44	StepStone GmbH, Berlin	100.0	17	5) 6)
45	Transfermarkt GmbH & Co. KG, Hamburg	51.0	23	7)
46	Ullstein GmbH, Berlin	100.0	18	
47	Umzugsauktion GmbH & Co. KG, Schallstadt	51.0	34	7)
48	Visual Meta GmbH, Berlin	77.7	33	
49	VVDG Verlags- und Industrieversicherungsdienste GmbH, Berlin	100.0	18	5) 6)
50	WBV Wochenblatt Verlag GmbH, Hamburg	100.0	1	5) 6)
51	ZANOX.de AG, Berlin	52.5	17	
52	WBV Direktzustell-GmbH, Hamburg	100.0	50	
	Other countries			
53	alFemminile s.r.l., Milan, Italy	100.0	60	
54	Amiado Group AG, Zurich, Switzerland	100.0	67	
55	Amiado Online AG (previously Students.ch AG), Zurich, Switzerland	100.0	54	
56	APM Print d.o.o., Belgrade, Serbia	74.9	105	
		25.1	85	
57	AR Technology SAS, Paris, France	83.0	73	
58	AS-NYOMDA Kft, Kecskemét, Hungary	100.0	63	
59	auFeminin.com Productions SARL, Paris, France	100.0	60	
60	auFeminin.com S.A., Paris, France	82.2	2	
61	Autoreflex.com SAS, Paris, France	100.0	57	
62	Axel Springer - Budapest Kiadói Kft, Budapest, Hungary	92.9	1	
63	Axel Springer - Magyarország Kft, Tatabánya, Hungary	93.5	1	
64	Axel Springer España S.A., Madrid, Spain	100.0	1	
65	Axel Springer France S.A.S., Neuilly-sur-Seine, France	100.0	1	
66	"Axel Springer Russia" Geschlossene Aktiengesellschaft, Moscow, Russia	100.0	3	
67	Axel Springer Schweiz AG, Zurich, Switzerland	100.0	1	
68	Azet.sk a.s., Zilina, Slovakia	70.0	89	
69	Belles Demeures S.A.S., Paris, France	100.0	83	
70	Bonial SAS, Paris, France	100.0	36	
71	Digital Window Inc., Wilmington, USA	100.0	72	
72	Digital Window Limited, London, Great Britain	50.1	51	
73	EMAS Digital SAS, Neuilly-sur-Seine, France	50.0	65	3)
74	enFemenino SARL, Madrid, Spain	100.0	60	
75	IT-Jobbank A, S, Copenhagen, Denmark	100.0	96	
76	Les Publications Grand Public S.A.S., Neuilly-sur-Seine, France	100.0	65	
77	Marmiton SAS, Paris, France	100.0	60	
78	Népújság Kft, Békéscsaba, Hungary	94.0	18	
79	Netmums Limited, Watford, Great Britain	100.0	60	
80	NIN d.o.o., Belgrade, Serbia	99.7	85	
81	Petőfi Lap- és Könyvkiadó Kft, Kecskemét, Hungary	94.0	18	
82	Poliris S.A.S., Paris, France	93.0	90	
		7.0	83	
83	PressImmo On Line S.A.S., Paris, France	100.0	90	
84	Ringier Axel Springer CZ a.s., Prague, Czech Republic	100.0	86	
85	Ringier Axel Springer d.o.o., Belgrade, Serbia	100.0	86	
86	Ringier Axel Springer Media AG, Zurich, Switzerland	50.0	2	3)
87	Ringier Axel Springer Polska Sp. z o.o., Warsaw, Poland	100.0	86	
88	Ringier Axel Springer Print CZ a.s., Prague, Czech Republic	100.0	84	
89	Ringier Axel Springer Slovakia a.s., Bratislava, Slovakia	100.0	86	
90	SeLoger.com SA, Paris, France	99.7	2	
91	SmartAdServer SAS, Paris, France	100.0	60	
92	soFeminine.co.uk Limited, London, Great Britain	100.0	60	
93	StepStone (UK) Ltd., Guildford, Great Britain	100.0	96	
94	StepStone A, S, Copenhagen, Denmark	100.0	96	
95	StepStone AB, Stockholm, Sweden	100.0	96	
96	StepStone AS, Oslo, Norway	100.0	44	
97	StepStone B.V., Leiden, Netherlands	100.0	96	
98	StepStone France SAS, Paris, France	100.0	96	
99	StepStone Ltd., Cork, Ireland	100.0	96	
100	StepStone NV, Brussels, Belgium	100.0	96	
101	StepStone Österreich GmbH, Vienna, Austria	100.0	43	
102	StepStone Schweiz GmbH, Härkingen, Switzerland	100.0	96	
103	StepStone Services Sp. z o.o., Warsaw, Poland	100.0	96	
104	The Mbuyu Community B.V., Amsterdam, Netherlands	100.0	51	
105	Trans Press d.o.o., Belgrade, Serbia	100.0	85	
106	Viviana Investments Sp. z o.o., Warsaw, Poland	100.0	87	
107	zanox B.V., Amsterdam, Netherlands	100.0	51	
108	ZANOX Hispania SL, Madrid, Spain	100.0	51	
109	zanox Inc., Chicago, USA	100.0	51	
110	zanox ltd., London, Great Britain	100.0	51	
111	zanox Reklam Hizmetleri Limited Şirketi, Istanbul, Turkey	99.9	51	
		0.1	28	
112	zanox SAS, Paris, France	100.0	51	
113	zanox Sp. z o.o., Warsaw, Poland	100.0	51	
114	zanox SRL, Milan, Italy	100.0	51	
115	ZANOX VEICULAÇÃO DE PUBLICIDADE NA INTERNET LTDA., São Paulo, Brazil	100.0	51	
116	zanox we create partners AB, Stockholm, Sweden	100.0	51	
117	ZÖLD ÚJSÁG Tömegkommunikációs és Kiadói Zrt, Budapest, Hungary	100.0	63	
	Other subsidiaries[1)]			
	Germany			
118	Achtunddreißigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	18	
119	Achtundfünfzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	1	
120	Alster Wochenblatt Verlag GmbH, Hamburg	100.0	50	
121	AS Buchversand GmbH, Munich	100.0	18	
122	Axel Springer Digital TV GmbH, Berlin	100.0	1	5)
123	Axel Springer Russland Holding GmbH, Berlin	100.0	3	
124	Axel Springer Security GmbH, Berlin	100.0	1	
125	B.Z. Media GmbH, Berlin	100.0	20	5)
126	BILD digital Verwaltungs GmbH, Berlin	100.0	1	
127	Dreiundfünfzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	1	5)
128	Dreizehnte "Media" Vermögensverwaltungsges. mbH, Hamburg	100.0	1	
129	Druck- und Verlagshaus Bergedorf GmbH, Hamburg	100.0	1	
130	Einundsechzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	1	
131	Finanzen Corporate Publishing GmbH, Berlin	100.0	1	
132	Fünfundfünfzigste "Media" Vermögensverwaltungsges. mbH, Berlin	100.0	1	5)
133	gamigo Korea Holding GmbH, Berlin	100.0	30	
134	GMZ Druckerei-Verwaltungs-GmbH i. L., Berlin	74.9	1	
135	hamburg.de Beteiligungs GmbH, Hamburg	100.0	32	
136	Hammerich & Lesser Zeitschriften- und Buchverlag GmbH, Hamburg	100.0	1	
137	Hauptstadtsee 809. VV GmbH, Berlin	100.0	1	
138	ims Verwaltungs GmbH, Hamburg	55.0	1	
139	Informationsmedien Handels GmbH, Hamburg	100.0	1	

No.	Company	Share-holding in %	via No.
140	Jobanova GmbH, Munich	100.0	44
141	kinkaa GbR, Berlin	50.0	33
		50.0	39
142	Neunundfünfzigste “Media” Vermögensverwaltungsges. mbH, Berlin	100.0	1
143	Schwartzkopff TV-Productions Verwaltungsgesellschaft mbH, Hamburg	100.0	16
144	Scubia GbR, Berlin	50.0	33
		50.0	39
145	Sechzigste “Media” Vermögensverwaltungsgesellschaft mbH, Berlin	100.0	1
146	SmartAdServer GmbH, Berlin	100.0	60
147	Tarif24 GmbH, Berlin	100.0	33
148	TOPS Online Publications GbR, Luneburg	90.0	26
		10.0	33
149	Transfermarkt Verwaltungs GmbH, Hamburg	51.0	23
150	Umzugsauktion Verwaltungs GmbH, Schallstadt	51.0	34
151	Vierundfünfzigste “Media” Vermögensverwaltungsges. mbH, Berlin	100.0	1 [5]
152	VISION MEDIA Holding GmbH, Hamburg	100.0	1
153	Zanox 1 AG, Berlin	100.0	51
154	Zweiundfünfzigste “Media” Vermögensverwaltungsges. mbH, Berlin	100.0	1 [5]
	Other countries		
155	Automotive Exchange Private Limited, Navi Mumbai, India	52.1	6
156	Axel Springer Editions SAS, Neuilly-sur-Seine, France	100.0	136
157	Axel Springer Group Inc., New York, USA	100.0	1
158	Axel Springer Hírszolgálat Kft, Tatabánya, Hungary	100.0	117
159	Axel Springer International Finance B.V., Amsterdam, Netherlands	100.0	1
160	Axel Springer International Group Limited, London, Great Britain	100.0	1
161	Axel Springer Media France S.A.R.L., Nanterre, France	100.0	65
162	Axel Springer Media Italia s.r.l., Milan, Italy	100.0	1
163	Axel Springer Publishing International Limited, London, Great Britain	100.0	160
164	Axel Springer TV International Limited, London, Great Britain	100.0	160
165	Azet.sk – katalóg s.r.o., Zilina, Slovakia	100.0	68
166	Communications Smart AdServer Canada Inc., Montreal, Canada	100.0	60
167	CompuTel Telefonservice AG, Chur, Switzerland	100.0	67
168	Cpress Media s.r.o., Zilina, Slovakia	100.0	68
169	Etoilecasting.com SAS, Paris, France	100.0	57
170	Euro Blic Press d.o.o., Banja Luka, Bosnia-Herzegovina	100.0	85
171	eurobridge Inc., New York, USA	100.0	1
172	EUROPRESS POLSKA Sp. z o. o., Warsaw, Poland	100.0	19
173	gamigo Inc., Wilmington, USA	100.0	30
174	GPAK Limited, London, Great Britain	100.0	179
175	Handelszeitung Medien AG, Zurich, Switzerland	100.0	67
176	Immostreet ES, Barcelona, Spain	100.0	83
177	Jean Frey AG, Zurich, Switzerland	100.0	67
178	Komunikuj.sk s.r.o., Zilina, Slovakia	60.0	68
179	Lightstate Limited, London, Great Britain	100.0	183
180	MS vydavatelstvi a.s., Prague, Czech Republic	100.0	84
181	ofeminin.pl Sp. z o.o., Warsaw, Poland	51.0	60
		49.0	87
182	Perfiliate HoldCo Limited, London, Great Britain	100.0	72
183	Perfiliate Limited, London, Great Britain	100.0	182
184	Perfiliate Technologies Limited, London, Great Britain	100.0	183
185	Périclès Atlantique S.A.R.L, Casablanca, Morocco	51.0	82
		16.0	83
186	Poradca podnikatela a.s., Zilina, Slovakia	51.0	84
187	Shanghai Springer Advertising Company Ltd. i. L., Shanghai, China	100.0	6
188	Shanghai Springer Distribution Company Ltd. i. L., Shanghai, China	100.0	6
189	Smart Adserver Limited, London, Great Britain	100.0	60
190	SPORT.SK s.r.o., Zilina, Slovakia	66.7	68
191	zanox Schweiz AG, Zurich, Switzerland	100.0	51
	Fully consolidated special purpose entities		
	Germany		
192	Axel-Springer-Immobilien-Fonds-II-Produktionszentrum Dr. Rühl & Co. KG, Düsseldorf	-	-
193	Axel-Springer-Immobilien-Fonds-III-Ostflügel Dr. Rühl & Co. KG, Düsseldorf	-	-
	Investments accounted for using the equity method		
	Germany		
194	buecher.de GmbH & Co. KG, Augsburg	33.3	1
195	Jahr Top Special Verlag GmbH & Co. KG, Hamburg	50.0	18
196	PRINOVIS Ltd. & Co. KG, Hamburg	25.1	1
	Other countries		
197	Editions Mondadori Axel Springer (EMAS) S.E.N.C., Montrouge Cedex, France	50.0	65
198	INFOR BIZNES Sp. z o.o., Warsaw, Poland	49.0	87
199	PNS a.s., Prague, Czech Republic	27.0	86

No.	Company	Share-holding in %	via No.
	Other associated companies[2]		
	Germany		
200	autohaus24 GmbH, Pullach	19.9	7 [4]
201	Berlin 1 Fernsehen Beteiligungs GmbH & Co. KG, Berlin	27.4	1
202	Blitz-Tip Medien Verwaltungs GmbH, Bad Soden am Taunus	33.3	50
203	Blitz-Tip Medien-Beteiligungsges. mbH & Co. KG, Bad Soden	33.3	50
204	Blitz-Tip Radio Hessen Beteiligungsges. mbH & Co. KG, Bad Soden	33.3	50
205	buecher.de Verwaltungs GmbH, Augsburg	33.3	1
206	BZV Berliner Zustell- und Vertriebsgesellschaft für Druckerzeugnisse mbH, Berlin	33.3	46
207	“Direkt” Redaktionsservice GmbH, Hamburg	24.8	50
208	elbe WOCHENBLATT Verlagsgesellschaft mbH & Co., Hamburg	24.9	50
209	Filmgarten GmbH, Berlin	42.0	33
210	Hamburg 1 Fernsehen Beteiligungs GmbH, Hamburg	27.0	1
211	Harburger Zeitungsverwaltungsgesellschaft mbH, Hamburg	24.8	1
212	I.S.I. TV Productions GmbH, Berlin	40.0	40
213	Intermedia Standard Presse-Code GmbH, Hamburg	32.0	1
214	InterRed GmbH, Haiger	24.0	1
215	ISPC Intermedia Standard Presse-Code GmbH & Co., Hamburg	32.0	1
216	Jahr Top Special Verwaltungs GmbH, Hamburg	50.0	18
217	KG Hamburg 1 Fernsehen Beteiligungs GmbH & Co., Hamburg	27.0	1
218	Kurt Viebranz Verlag (GmbH & Co.), Schwarzenbek	24.9	21
219	Lager- und Versand-Service Melosch GmbH & Co. KG, Hamburg	50.0	1
220	“Lühmanndruck” Harburger Zeitungsgesellschaft mbH & Co. KG, Hamburg	24.8	1
221	Mein Gutscheincode GmbH, Berlin	30.0	33
222	Melosch GmbH, Hamburg	50.0	1
223	Motor-Talk GmbH, Munich	20.0	1
224	MSV Medien Special Vertrieb GmbH & Co. KG, Hamburg	50.0	24
225	Myby Beteiligungsgesellschaft mbH i.L., Düsseldorf	25.1	1
226	Myby GmbH & Co. KG i.L., Düsseldorf	25.1	1
227	Qivive GmbH i.L., Bad Homburg	33.3	1
228	Radio Hamburg GmbH & Co. KG, Hamburg	35.0	1
229	TVB Transportvermittlungs- und Vertriebsgesellschaft in Bergedorf mbH, Hamburg	20.0	21
230	V.V. Vertriebs-Vereinigung Berliner Zeitungs- und Zeitschriften-Grossisten GmbH & Co. KG, Berlin	48.5	1
231	Verlag Hans-Jürgen Böckel GmbH, Glinde	24.8	21
232	Verlags-Gesellschaft Hanse mbH & Co. KG, Hamburg	50.0	50
233	Verwaltungsgesellschaft elbe WOCHENBLATT mbH, Hamburg	24.8	50
234	Verwaltungsgesellschaft MSV Medien Special Vertrieb m.b.H., Hamburg	50.0	24
235	Viebranz Beteiligungsgesellschaft mbH, Schwarzenbek	24.8	21
236	Volksdorfer Verlagsgesellschaft mbH, Hamburg	50.0	50
237	Wochenblatt Verlag Schrader GmbH & Co. KG, Buchholz	24.8	50
238	Wochenblatt Verlag Verwaltungsgesellschaft mbH, Buchholz	24.8	50
239	WVV Werbevertrieb-Verwaltungs- und Beteiligungs-GmbH, Berlin	33.3	46
240	Zeitungs- und Zeitschriften Vertrieb Berlin GmbH, Berlin	35.5	1
	Other countries		
241	Asocijacija Privatnih Media, Belgrade, Serbia	20.0	85
242	BULGARPRESS OOD, Veliko Tarnovo, Bulgaria	25.5	1
243	CZ Press s.r.o., Prague, Czech Republic	50.0	19
244	DISPANA S.L., Madrid, Spain	33.3	64
245	Edipresse A.S. SRL, Bucharest, Romania	40.0	1
246	HARLEQUIN MAGYARORSZÁG Kft, Budapest, Hungary	45.0	1
247	HUNGAROPRESS Sajtóterjesztö Kft, Budapest, Hungary	24.0	1
248	ITAS Media Private Limited, Delhi, India	49.0	6
249	Ons On Soft Co., Ltd., Seoul, Korea	20.1	133
250	PRINOVIS Ltd., London, Great Britain	25.1	1
251	Today Merchandise Private Limited, New-Delhi, India	19.1	6 [4]
252	VINA WOMAN UK Ltd., London, Great Britain	30.0	60
	Other material investments		
	Other countries		
253	Doğan TV Holding A.S., Istanbul, Turkey	19.9	25

1) No full consolidation due to immaterial impact (relation of net income and balance sheet total of the company to net income and balance sheet total of the Group).
2) No at equity consolidation due to immaterial impact (relation of net income of the company to net income of the Group).
3) Control due to existing option rights.
4) Significant influence due to existing option rights.
5) Control and profit transfer agreement with the parent company.
6) The company has exercised the exemption options of Section 264 (3) of the German Commercial Code (Handelsgesetzbuch – HGB).
7) The company has exercised the exemption options of Section 264b of the German Commercial Code (Handelsgesetzbuch – HGB).

Supervisory Board

The Supervisory Board is composed of the following persons:

Name, occupation	Seats on other mandatory Supervisory Boards	Seats on comparable boards in Germany and abroad
Dr. Giuseppe Vita Chairman of the Supervisory Board of Axel Springer AG	Dussmann Verwaltungs AG Medical Park AG	Peter Dussmann-Stiftung (Member of the Board of Trustees) Allianz S.p.A., Italy (Chairman of the Board of Directors, since December 2011, previously Vice Chairman) Barilla S.p.A., Italy (Board of Directors) Gruppo Banca Leonardo S.p.A., Italy (Chairman of the Board of Directors) Humanitas S.p.A., Italy (Board of Directors)
Dr. h. c. Friede Springer Vice Chairwoman of the Supervisory Board of Axel Springer AG	ALBA plc & Co. KG aA (previously ALBA AG) ALBA Finance plc & Co. KG aA (since July 2011)	ALBA Group plc & Co. KG (Advisory Board, since May 2011)
Dr. Gerhard Cromme Chairman of the Supervisory Board of ThyssenKrupp AG	Allianz SE (Vice Chairman) Siemens AG (Chairman) ThyssenKrupp AG (Chairman)	Compagnie de Saint Gobain, France (Board of Directors)
Oliver Heine Attorney at law and partner in the law firm Oliver Heine & Partner		YooApplications AG, Switzerland (Board of Directors)
Klaus Krone Member of the Supervisory Board of Axel Springer AG		
Dr. Nicola Leibinger-Kammüller President and Chairwoman of the Managing Board of TRUMPF GmbH + Co. KG	Lufthansa AG Siemens AG Voith GmbH	
Prof. Dr. Wolf Lepenies University Professor (emer.) FU Berlin; Permanent Fellow (emer.) of the Wissenschaftskolleg zu Berlin		
Michael Lewis Investment Manager		Cheyne Capital Management Limited, UK (Non-Executive) Oceana Capital Partners LLP, UK (Executive Partner) Oceana Concentrated Opportunities Fund Limited, Jersey, Channel Islands (Non-Executive) Oceana Fund Managers (Jersey) Limited, Jersey, Channel Islands (Non-Executive) Oceana Investment Corporation Limited, UK (Chairman) Oceana Investment Partners LLP, UK (Executive Partner) OIC 07178 Limited, UK (Executive) United Trust Bank Limited, UK (Non-Executive) UTB Partners Limited, UK (Non-Executive) Histogenics Inc, USA (Non-Executive Director and Chairman, since May 2011) Peltours Limited, Israel (Non-Executive) ProChon Biotech Limited, Israel (Chairman, until May 2011) Shidonni Limited, Israel (Non-Executive) Strandbags Holdings Pty Limited, Australia (Non-Executive Chairman) The Foschini Group, South Africa (Non-Executive)
Dr. Michael Otto Chairman of the Supervisory Board of Otto GmbH & Co KG	Otto GmbH & Co KG (Chairman)	FORUM Grundstücksgesellschaft m.b.H. (Advisory Board) Robert Bosch Industrietreuhand KG (Partner)

Management Board

The Management Board is composed of the following persons:

Management Board member	Seats on mandatory Supervisory Boards	Seats on comparable boards in Germany and abroad
Dr. Mathias Döpfner Chairman and Chief Executive Officer Journalist		B.Z. Ullstein GmbH (Advisory Board) Axel Springer Schweiz AG, Switzerland (Board of Directors) RHJ International SA, Belgium (Board of Directors) Time Warner Inc., USA (Board of Directors)
Rudolf Knepper (until December 2011) Vice Chairman Head of Printing, Logistics, and HR Master's degree in engineering and master's degree in business/engineering		PRINOVIS Limited, UK (Board of Directors)
Jan Bayer (since January 2012) President WELT Group and Printing Media scholar		
Ralph Büchi (since January 2012) President International Division Master's degree in business administration	ZANOX.de AG (Chairman)	Amiado Group AG, Switzerland (Chairman of the Board of Directors) Amiado Online AG, Switzerland (Chairman of the Board of Directors) auFeminin.com S.A., France (Board of Directors) Automotive Exchange Private Limited, India (Non-Executive Director) Axel Springer Espana S.A., Spain (Board of Directors) Axel Springer Schweiz AG, Switzerland (Vice Chairman of the Board of Directors) CompuTel Telefonservice AG, Switzerland (Chairman of the Board of Directors) Ringier Axel Springer Media AG, Switzerland (Chairman of the Board of Directors) Handelszeitung Medien AG, Switzerland (Chairman of the Board of Directors) ITAS Media Private Limited, India (Non-Executive Director) SeLoger.com S.A., France (Supervisory Board) zanox Schweiz AG, Switzerland (Board of Directors)
Lothar Lanz Chief Financial Officer and Chief Operating Officer Master's degree in business administration		esmt European School of Management and Technology GmbH (Supervisory Board) Axel Springer International Finance B.V., Netherlands (Supervisory Board) Dogan TV Holding A.S., Turkey (Supervisory Board, since March 2011) Independent News & Media PLC, Ireland (Board of Directors) Ringier Axel Springer Media AG, Switzerland (Board of Directors)
Dr. Andreas Wiele President BILD Group and Magazines Lawyer	ZANOX.de AG	B.Z. Ullstein GmbH (Advisory Board) dpa Deutsche Presse Agentur GmbH (Supervisory Board) Jahr Top Special Verlag GmbH & Co. KG (Advisory Board) auFeminin.com S.A., France (Board of Directors) SeLoger.com S.A., France (Supervisory Board, since June 2011)

Glossary

Affiliate Sales partner or agent that receives a commission for advertising sales.

Cash and cash equivalents Cash on hand and cash in certain bank accounts of a company, as well as sight deposits, and term deposits, which can be liquidated on a short-term basis.

Classifieds Small ads that generally appear in daily newspapers and are arranged by specific categories, such as jobs, property, and cars, for example.

Consolidation group All the companies included in the consolidated financial statements, by way of full consolidation or at equity.

Content portal Website containing editorial content, not just advertising or navigation pages.

Contingent considerations Liabilities arising from future purchase price adjustments (earn-out agreements) and from option rights for the purchase of non-controlling interests.

Cross-media Content-related, creative, and formal cross-linkage of different media channels and advertising vehicles with the goal of achieving optimal advertising success by means of a multichannel approach.

Derivatives in cash flow hedges Financial instruments used to hedge the risk of future variations in cash flows, due to changes in interest rates or exchange rates, for example.

Earn-out agreement Agreement under which the payments by the buyer to the seller are deferred to a later point in time, payment often depends on the business performance of the purchased company.

Equity method The equity method is a method of accounting for associated companies in the consolidated financial statements under which changes to the net value of the company are added to or deducted from the acquisition cost of the investment.

External revenues Revenues resulting from transactions with companies and persons that are not part of the consolidation group.

Fair value Amount at which an asset can be exchanged or a liability settled between two knowledgeable, willing parties in an arm’s length transaction. Fair value is determined with reference to market prices (such as stock market prices, for example), if available, or if not, on the basis of reference transactions or valuation models.

Financial derivatives Financial instruments, the value of which is derived from the value of an underlying (for example, security, interest rate, currency, loan). Financial derivatives are used for hedging currency and interest rate risks, for example.

IFRS (International Financial Reporting Standards) Accounting rules issued by the IASB (International Accounting Standards Board).

Interest rate swap Contractually defined swap transaction. In an interest rate swap, the interest payments under a variable interest rate are exchanged with those under a fixed interest rate, or vice versa. The party paying interest under the fixed interest rate is protected against rising interest rates (loan protection), while the party being paid interest under a fixed interest rate is protected against falling interest rates (investment protection).

IVW (Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern). This German organization tracks the reach of print media and online offerings.

Layer ads Type of advertisement used in websites, which are superimposed over the actual website content.

Newsroom An editorial center where all journalistic content is produced in bundled form for various media channels, for example, online, TV, print, and mobile services.

Newsstand newspapers Unlike subscription newspapers, newsstand newspapers are generally sold in retail outlets.

Online marketing Marketing of ad space on web portals.

Online marketplaces Electronic platforms that bring vendors and buyers together, facilitate the comparison of products and services, and allow for the direct placement of online orders.

Paid content Digital or mobile content that users pay for by means of subscriptions or usage-based fees.

Performance-based online marketing Form of advertising under which an Internet sales partner (publisher) receives a share of the proceeds of every successfully completed transaction (for example, sale of a product or sign-up for a newsletter), in the form of a commission.

Portal Website covering a wide range of different subjects that helps 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.

Pro-forma revenues Revenues that comprise revenues from business combinations prior to the date of initial recognition in the consolidated financial statements.

Purchase price allocation Process in which the purchase price of a business combination is allocated to the fair values of all identifiable assets and liabilities.

Reach Percentage of a target group that is reached at least once by an advertising vehicle or combination of advertising vehicles.

Registered shares of restricted transferability Registered shares that can be transferred only with the consent of the respective stock corporation.

Search term marketing Type of marketing geared to specific target groups, using search engines. The customer of such a service defines the search terms which, when entered by the online user, will trigger the placement of the customer's banner or advertising message on the search engine's web page.

Special-purpose entities Companies that are formed only 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.

Tabloid format Small format for newspapers.

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.

Visits Connected series of usage events (visits) on a website. 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.

Wallpaper ads Large-format ads on webpages.

Financial Calendar

- **March 7, 2012**
  Annual Report, annual financial statements press conference, investor/analyst teleconference
- **April 25, 2012**
  Annual shareholders' meeting, Berlin
- **May 9, 2012**
  Quarterly financial report as of March 31, 2012
- **August 8, 2012**
  Interim financial report as of June 30, 2012
- **November 7, 2012**
  Quarterly financial report as of September 30, 2012

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