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Annual Report

axel springer

Group Key Figures

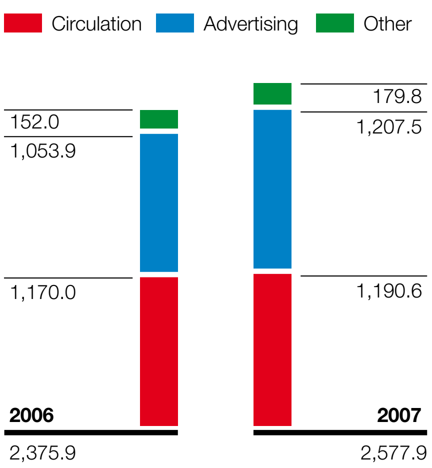
Group Key Figures

in € millions	2003 IFRS	2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS	Change year-on-year
Revenue	**2,321**	**2,402**	**2,392**	**2,376**	**2,578**	**8.5 %**
Adjusted for acquisitions				2,373	2,401	1.2 %
Circulation and advertising revenue	2,038	2,115	2,165	2,224	2,398	7.8 %
Adjusted for acquisitions				2,221	2,226	0.2 %
Foreign revenue	329	374	384	383	537	40.2 %
Pro forma online revenue				160	222	38.6 %
EBITA[1)]	**215**	**336**	**338**	**375**	**422**	**12.5 %**
EBITA margin[1)]	9.3 %	14.0 %	14.1 %	15.8 %	16.4 %	
EBITDA[1)]	290	433	414	434	470	8.3 %
EBITDA margin[1)]	12.5 %	18.0 %	17.3 %	18.3 %	18.2 %	
EBIT[1)]	194	316	330	374	422	12.8 %
Net income/loss	112	148	231	291	- 288	
Total assets	2,115	2,392	2,612	3,124	3,827	22.5 %
Equity	678	873	1,185	1,795	1,212	- 32.5 %
Equity ratio	32.1 %	36.5 %	45.4 %	57.5 %	31.7 %	
Capital expenditures[2)]	159	131	82	70	1,432	
Cash flow from operating activities	317	305	224	254	283	11.7 %
Net liquidity	1	173	327	477	- 743	
Earnings per share (in €)	3.26	4.66	7.38	9.20	- 9.78	
Earnings per share from continued operations (in €)	2.00	4.86	7.40	9.28	8.91	- 4.0 %
Dividend (in €)	1.20	1.45	1.70	3.50	4.00[3)]	14.3 %
Year-end share price (in €)	70.00	86.00	108.00	136.45	98.00	- 28.2 %
Employees (average)	10,949	10,700	10,166	9,733	10,348	6.3 %

1) Adjusted for non recurring items including purchase price allocation effects. The EBITA, EBITDA, and EBIT for 2006 were adjusted for all charges against earnings resulting from the PIN Group.
2) Thereof capital expenditures on intangible assets and on property, plant and equipment 2007: € 97 million; 2006: € 38 million.
3) Proposal for 2007.

Revenue

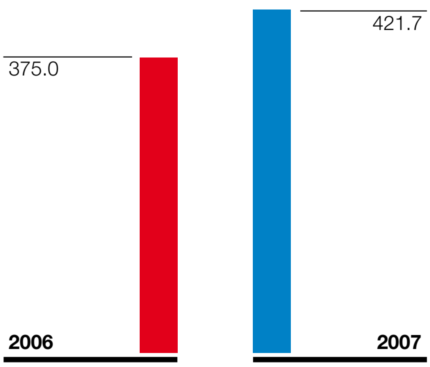
in € millions



EBITA[1)]

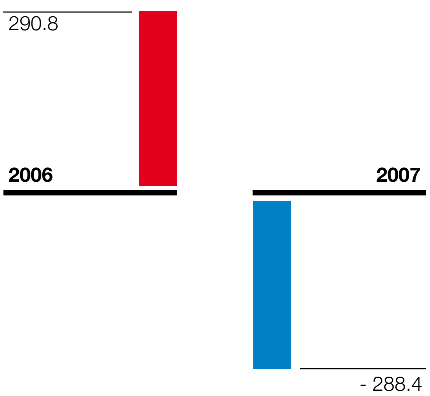
in € millions

1) Adjusted for non-recurring effects, including purchase price allocation effects.



Net Income/Net Loss

in € millions



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Foreword

Dr. Mathias Döpfner
Chairman and Chief Executive Officer

Dear Shareholders!

2007 was a bad year for Axel Springer AG for two reasons. But 2007 was also a good year for Axel Springer AG for eight reasons.

I will begin here with the two items of bad news.

1 The investment in the mail delivery and logistics business, the acquisition of a majority stake in the PIN Group, was a bad decision from today's perspective.

How did it come to this? We have been active in regional mail delivery service in Hamburg since 1999. In 2004, together with the Georg von Holtzbrinck Publishing Group, we acquired a majority stake in the Berlin-based PIN Group, the largest regional mail service provider in Germany. And in October 2005 we founded PIN Group AG together with Holtzbrink, the WAZ Group and the holding company Rosalia. The objective was to merge the stakes held by newspaper publishing houses into a nationwide provider of mail delivery services. We brought our Berlin and Hamburg stakes into the group and, like other founding stakeholders, received a share of 25 %. As an important stakeholder we knew the company; in Berlin PIN had begun yielding a profit in 2003 and since then has been generating a double-digit return on sales revenues. We wanted to improve our marketing expertise and access to customers and profit from the last major privatization wave in Germany, namely the deregulation of the postal sector. It all looked very promising in the beginning. For two years PIN Group AG exceeded its growth targets and was even operating at a profit in some regional markets. In June 2006 Madsack Publishing Group brought its mail delivery service Citipost in Hannover into the group and acquired a minority stake in return. Then followed the Cologne-Düsseldorf-based publishing houses DuMont Schauberg, Rheinische Post and Girardet as well as numerous mail delivery services from regional publishing houses, which were purchased by PIN Group. What started out as five revenue-generating subsidiaries at the beginning of 2006 grew to 69 in 2007. The group's revenues doubled over the previous year. We wanted to fully consolidate this growth business and develop it on the entrepreneurial level. We negotiated with other stakeholders for more than a year-and-half with the objective of acquiring a majority stake. When the foreseeable topic of a minimum wage for the postal sector surfaced in the summer of 2007, we were not worried, because the PIN wage level was close to that which the unions and some politicians were demanding, namely a maximum of € 7.50 per hour. Despite a higher level of wages, there were indications that the cost advantage enjoyed by the state monopolist prior to deregulation, namely an exemption from paying value added tax of up to 19 %, would be balanced out. Overall we saw more opportunities than risks.

But it turned out differently. The fact that the government had sanctioned a mandatory wage of € 9.00 to € 9.80 per hour for mail delivery personnel coupled with a continuation of the value added tax exemption enjoyed by monopolist Deutsche Post AG, meant that, instead of opening up the market, the monopoly was actually being preserved by the Federal German Government as the largest single stakeholder of Deutsche Post AG. The fact that this could happen in a state governed by the rule of law is something that neither we nor number of legal experts imagined was possible. Should we perhaps have foreseen such a scenario that normally only occurs in a planned economy? I do not think so. But then one is always wiser after the fact. The minimum wage is a "regulatory mistake never before seen in German economic history", as the president of the German Cartel Office put it. We never imagined that we would have to prepare for a minimum wage at this high level in a state governed by the rule of law. The Administrative Court Berlin on March 7, 2008 ruled at first instance that the declaration of general applicability of € 9.00 to € 9.80 was unlawful. This underlines the correctness of our assessment.

Therefore, after careful consideration of the interests of our shareholders, we quickly decided to not to make any more money available. A wage increase of approximately 30 % in a highly wage-driven sector destroyed any hope of achieving profitability during the early phase of competition. Continuing the business for reasons of prestige or vague hope would have been irresponsible. The polarizing discussion surrounding the minimum wage also threatened to cause more damage to Axel Springer AG in another respect. We could not exclude that it would have constituted a potential threat to the healthy core business of Axel Springer AG. This is why we decided to write off our investment in PIN. This is the reason why it is listed as a discontinued activity in our 2007 financial statements. PIN is thus a 2007 problem that will not affect the company in the future. There will be no additional losses. The case of PIN taught us two things: we need to focus even more on our core business and segments devoid of political influence. And future growth is to be found in digitalization and our activities abroad.

2 The year 2007 was also disappointing because our share price fell from € 136.45 to € 98.00. This is partly due to the disappointment surrounding the PIN investment. The sharp decline in the share price occurred at a time when the capital market remains skeptical of the media sector in general. All listed media companies lost value – some more than 50 %. I believe that this exaggerated skepticism will give way to a new realism, which will drive share prices back up. Our objective is to transform Axel Springer AG into an outperformer again. Our operating result for 2007 – I believe – speaks clearly for itself.

„The future growth is to be found in digitization and our activities abroad.“

Now for the good news:

2007 was a good year for Axel Springer AG. In many respects it was even the best year in the history of the company. There are eight reasons for this.

1 With an EBITA of € 421.7 million, the operating result was by far the best in the history of our company. It is the forth record result in a row and is indicative of the enormous earning power of the company – and this despite all the talk of a crisis in the sector. The result is all that more impressive in view of the record start-up costs of € 86.4 million for future business operations such as online activities. And the fact that the increase was so great in view of a € 20.6 million reduction in special income from the Kirch insolvency is far beyond anything we could have imagined. This is due primarily to our very successful new activities and an extremely stable core business. Our EBITA of € 421.7 million, compared to € 375.0 million for he previous year, and our EBITDA of € 470.0 million were the highest in company history. Revenues – excluding PIN – rose from € 2,375.9 million to € 2,577.9 million.

2 In addition to the commitment to innovation shared by all of our publishing groups, the positive development of the WELT-Group/Berliner Morgenpost contributed significantly to our financial success. This group as been producing losses for decades. Nonetheless, we remained firmly committed to our premium newspapers, and it paid off. The WELT-Group/Berliner Morgenpost is generating a clear – and not just symbolic – profit for the first time in company history. And I am convinced that this profitability can be sustained.

In 1998 I announced that we first need to launch a journalistic campaign, which would be followed by a cost-cutting restructuring initiative and ultimately by an increase in revenues. This was ten-year project, and upon its completion we would be able to earn money. And this is how it has worked out. Today, the WELT-Group/Berliner Morgenpost is the most modern and best integrated multimedia premium newspaper group in Germany. Together with WELT KOMPAKT the group has seen circulation grow by 30 % within two years. WELT ONLINE, the fastest-growing and largest online premium newspaper portal, is now generating a profit despite high start-up costs. DIE WELT is a success story that we are proud of, and it is spurring us on to even greater successes.

3 While everyone is talking about a newspaper crisis, nearly all of our newspapers are generating record yields. And we are enjoying greater success than ever on the publicistic front. The level of journalistic excellence is rising, the number of exclusive stories is increasing, and the quality of the authors employed by our company is getting continually better. How do we know this and by what means do we measure the level of success? One factor is the number of journalism prizes received. With 36 awards ranging from the Theodor-Wolff-Award to the Wächter-Award, our journalists and our company won more awards in 2007 than ever before in the history of our company.

4 Business abroad also grew during the past year with revenues increasing from € 382.2 million to € 537.2 million. Every fifth euro generated by our publishing house thus came from abroad, which in itself is a new company record. We are especially pleased with developments in Hungary, Poland and Switzerland. In the case of the integration of the Jean Frey Group, we are now much farther along in Switzerland with respect to the decisive factors and key figures than we ever imagined possible prior to acquiring the group.

„Today, the WELT-Group is the most modern and best integrated multimedia premium newspaper group in Germany.“

„This means that the Internet offers more than simply future hope for Axel Springer; our web portals are already operating as concrete businesses. Our objective is clear: we want to realize a new dimension in the development of the company through digitization.“

5 By merging all of our BILD operations – both news papers, all magazines and the online platforms Bild.de and BILDmobil, both of which we now own 100 % – we have created the largest and most successful multimedia brand family in Germany. Following the widely observed merger of DIE WELT and BERLINER MORGENPOST three years ago, we are now prepared to take the next innovative step along the road to modern media management, namely genuine, networked multimedia communication from a single source. The positive feedback we have received from our advertising customers and readers with respect to this move has been very encouraging.

6 We sold our financial stake in ProSiebenSat.1 Media AG at a profit. The price per share we received was even higher than the one we had previously negotiated with Haim Saban for the purchase of the entire company. After the German Cartel Office disallowed the acquisition, we announced that we would take a close look at the financial stake. After considering all options and negotiations to acquire a larger stake, we decided to sell it. Nonetheless, if the cartel-related legal environment were to change, we would again consider seeking to acquire ProSiebenSat.1 Media AG in its entirety if the price were right.

7 But the most important development for our company in 2007 was the decisive transformation from a print publishing house to an integrated multimedia group. Our digital growth offensive was fueled by more than a dozen organic growth-oriented projects coupled with numerous acquisitions. We acquired well-positioned, growth-oriented and, above all, profitable companies at reasonable prices. The purchase price multiples with respect to our 2007 EBITDA ranged from 8.0x to 21.4x. This clearly shows that these were disciplined acquisitions. Or, as one of our analysts commented: Axel Springer is buying new economy assets at old economy prices. With a 38.6 % increase over the previous year, online sales now account for over 8 % of total Group revenues. This is considerably higher than the industry average. By 2010 we want to generate more than € 400 million in online business and achieve an EBITDA margin of at least 20 %. This not an unrealistic dream. In view of the current state of business, these are ambitious yet attainable goals. Seven of our ten largest online assets are already operating at a profit. And an online company already accounts for the Group's highest EBITDA margin. This means that the Internet offers more than simply future hope for Axel Springer; our web portals are already operating as concrete businesses. Our objective is clear: we want to realize a new dimension in the development of the company through digitization. This change in structure involves only a small risk while offering a tremendous opportunity. The European media business is undergoing digitalizing. And we want to be the winners.

8 Despite the adjustment in value, this is a very pleasing result over all. At the shareholders' meeting we will therefore propose the highest dividend in the history of the company so that you are able to share in our success. More precisely, the proposed dividend will be € 4.00 per share or 14.3 % higher than last year.

We are looking forward to a successful year in 2008.

Yours,

Mathias Döpfner

Management Board

Dr. Mathias Döpfner

Chairman and Chief Executive Officer
WELT-Group/Regional Newspapers
and International

Born 1963, Journalist. Career milestones: Frankfurter Allgemeine Zeitung; Gruner+Jahr; Chief Editor of Wochenpost and DIE WELT. Since 2000 on the Management Board, since 2002 Chairman of the Board.

Rudolf Knepper

Vice Chairman
Printing and Logistics Division

Born 1945, Master's degree in engineering and business engineering. Career milestones (since 1973 with Axel Springer): Head of Technical Planning; Director of the Printing Facility Hamburg; Head of the Production Unit Offset Printing. Since 1994 on the Management Board, since 2002 Vice Chairman.

Steffen Naumann

Chief Operating Officer and
Chief Financial Officer

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

Dr. Andreas Wiele

BILD-Group and Magazines

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

Highlights

Here are some glimpses at major developments in 2007. A look back at some other developments can be found at www.axelspringer.de / English / The Company / History / Chronology

January

Axel Springer Acquires Jean Frey AG
On January 1, 2007, Axel Springer AG acquires 99.5 % of the shares of Jean Frey AG and subsequently increases its stake to 99.9 %. The acquired company publishes the consumer and advice magazine BEOBACHTER, the television programming guide TV STAR, as well as the business magazine BILANZ and also has a service section for trade media. The acquisition is followed in July by the takeover of three more TV guides published by Ringier AG. In October, the company bundles all of its activities in Switzerland under the name Axel Springer Schweiz.
www.axelspringer.ch

February

welt.de Becomes WELT ONLINE
Multimedia elements, clean structures, and focus on dialog: the internet news portal WELT ONLINE is totally revamped. Visitors to www.welt.de now immediately find up to 300 up-to-date articles in 17 sections as well as the portal's own news program WELT ONLINE TV. All articles in the WELT newspaper archive are also available online free of charge. The "online first" strategy and the mix of news and lifestyle reporting enjoy wide popularity among users. Following the relaunch, WELT ONLINE is continuing to set one visitor record after another.
www.welt.de

March

TV GUIDE Launched
The new 14-day cycle of TV GUIDE is published for the first time. TV GUIDE contains a clear overview of all free-to-air TV stations and their programming as well as a compact section with useful information – all for only 80 cents. The launch is accompanied by an extensive advertising campaign under the slogan "But I only want to watch TV."

March

wallstreet:online Group Acquired
Axel Springer Finanzen Verlag acquires 50.1 % of wallstreet:online AG, the operator of the largest online community for investments and the stock market with 400,000 members – www.wallstreet-online.de. The company simultaneously acquires 75.1 % of wallstreet:online capital AG, which operates the portals www.fondsdiscount.de and www.geschlossene-fonds.de. Along with www.finanzen.net, Axel Springer is elevated to the number 2 spot in the online segment for financial and business news and information.

May

Marketing Specialist zanox Acquired

Axel Springer acquires 60 % of ZANOX.de AG, the leading service provider of success-based online marketing. The Group thus secures access to a powerful technology platform in a rapidly growing market segment. zanox offers advertisers, e-commerce providers, and online shop operators an internet-based platform for the effective marketing of products and services.
www.zanox.de

June

Takeover Bid for auFeminin.com

Axel Springer concludes a binding acquisition contract with the founders of auFeminin.com for 41.1 % of the shares in Europe's leading Internet portal for women. A tender offer to the shareholders of auFeminin.com is extended on September 10th. The stake in the web portal grows to 68.1 % by the end of the year.
www.aufeminin.com

July

COMPUTER-BILD Group Consolidates Online Activities

Europe's largest technology magazine group relaunches a joint Internet portal. Visitors to www.computerbild.de now immediately find a totally revamped website devoted to computers, telecommunications, games, and entertainment electronics. The portal's own expert editorial team works closely with the print editorial teams of COMPUTER BILD, COMPUTER BILD SPIELE, and AUDIO VIDEO FOTO BILD. The concept of "One Click – Three Market Leaders" is quickly accepted as is evidenced by a strong increase in the number of visitors.
www.computerbild.de

October

BILD on Your Cellular Telephone!

BILD launches its own cellular portal providing readers and advertising customers with yet another source of online information. In addition to low-priced cellular telephone service "BILDmobil" offers prepaid subscribers an opportunity to surf the BILD web portal free of charge. The innovative concept is a huge success. Two weeks after the launch, a total of 100,000 starter sets have already been sold.
www.bildmobil.de

2007 was another successful year filled with many highlights for Axel Springer. Here is a selection of major milestones in the development of our core business activities.

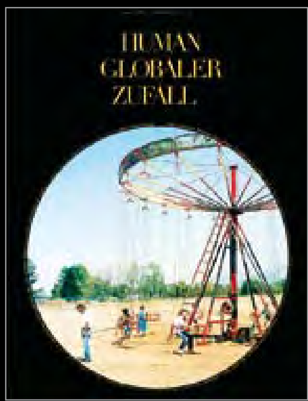
October

immonet.de The Most Popular Portal for Real Estate
In the voting for "Online Star 2007," immonet.de, a wholly owned subsidiary of Axel Springer, finished second in the category "Money and Career," thereby solidifying its claim as Germany's most popular portal for real estate. Over two million Internet users cast their votes in the competition that pitted immonet.de against some of the biggest names in the world of banking, finance, and real estate services. The number of users accessing immonet.de rose 68 % over the previous year to an average of 1.4 million users per month.
www.immonet.de

November

First Successful Year for OK! in Russia
Twelve months ago, Axel Springer Russia launched a licensed edition of the weekly lifestyle magazine OK! on the Russian market. Circulation grew by 49 % during the first year, thereby elevating the new magazine to the position of market leader in the glossy weekly magazines segment.
www.ok-magazin.ru

December



Axel Springer Akademie Gets the SCOOP!
The first-ever winner of SCOOP! – a competition about brilliant ideas – is announced. The jury selects the magazine concept "Humanglobaler Zufall" (Human Global Coincidence) submitted by Dennis Buchmann as the best entry of 2007. The new magazine deals with the networked world and focuses on people around the world and their stories. SCOOP! is the brainchild of the new Axel Springer Akademie, which was launched at the beginning of 2007. The Akademie offers a new and unique concept for educating journalists with focus on cross-media activities. The first issue of "Humanglobaler Zufall" will be published in April 2008.
www.axel-springer-akademie.de

December

Relaunch of Bild.de
Clean structure, a new look, and a broad range of journalistic content with a wealth of multimedia features – Bild.de is relaunched with a completely modernized appearance and continues to expand its leading position among German media portals. The innovative layout is now even more user-friendly and new channels make navigating easier. A comprehensive video portal offers users an even greater selection of information, service, and entertainment elements.
www.bild.de

07

The year 2007 had 12 months, 52 weeks, and 365 days – a lot of time to come up with new ideas. We took advantage of it.

Consolidated Management Report and Management Report of Axel Springer AG

At € 2,577.9 million, Axel Springer's total revenue for 2007 was 8.5 % higher than corresponding last year's figure. Adjusted for acquisitions, the revenue increase was 1.2 %. The international activities for the first time represented 20.8 % of the Group's total revenues (PY: 16.1 %). The Group boosted its former record earnings before interest, taxes, and amortization of goodwill (EBITA, adjusted for non recurring items) from € 375.0 million to € 421.7 million. The EBITA margin widened to 16.4 % (PY: 15.8 %). At € 284.0 million, the income from continuing operations again reached a high level in 2007 (PY: € 294.6 million). Due to a non recurring charge related to the recognition of an impairment loss in the carrying amount of PIN Group, the income from discontinued operations was negative, at € - 572.4 million. Consequently, the Axel Springer Group posted a consolidated net loss of € 288.4 million for the year (PY: consolidated net income of € 290.8 million). The earnings per share were € - 9.78 (PY: € 9.20).

2007 Forecast Exceeded

All the goals that were announced at the time of presenting the 2006 annual financial statements in March 2007 were exceeded by significant margins. The consolidated EBITA climbed to a new record, as compared with the full-year goal of only a slight increase over the previous year. The consolidated revenue was 8.5 % higher than the corresponding last year's figure. Even adjusted for acquisitions, the Group's revenues showed an increase of 1.2 %. Thus, the goal of achieving a slight increase in revenue from the core business was achieved; including acquisitions, it was surpassed by a significant margin.

Forecast for 2008

The Management Board anticipates that the EBITA and EBITDA for 2008 will be higher than the respective figures for 2007, adjusted for the payments from the Kirch insolvency and the dividend from the investment in ProSiebenSat.1 Media AG, which has since been sold. The Management Board anticipates an increase in the total revenue.

Introductory Remarks

The following Management Report contains statements about the development of the Axel Springer Group that are also largely applicable to the development of Axel Springer AG, with the exception of the effects described in the Management Report.

The operating earnings indicators EBITDA, EBITA, and EBIT were adjusted for non recurring effects and effects from purchase price allocations. From the beginning of the 2008 fiscal year, Axel Springer will focus on EBITDA as its primary operating performance indicator for financial reporting purposes.

Operating Earnings Indicators

In the classification of revenue, the formerly used term ad revenue has been replaced with advertising revenue. These changes reflect the growing importance of new revenue models, aside from the traditional print ad business, in connection with the company's digitization campaign, pursued in the form of numerous acquisitions and start-ups. In the online world, advertising revenues are generated in the categories of display, affiliate marketing, and search revenue.

Axel Springer uses EBITA as the primary indicator of its operating performance. The company also uses EBITDA and EBIT as additional operating performance indicators. In view of the considerable scope of acquisitions that have been effected, these indicators will also be adjusted for the planned effects of the purchase price allocation of the respective acquisitions, as non recurring items, starting in the third quarter of 2007. These effects mainly consist of the additional depreciation charged on the Group level as a result of the revaluation of assets in connection with the purchase price allocation process.

Business and Environment

Business Activities

Founded in 1946 by the publisher of the same name, Axel Springer today is Germany's largest newspaper publisher and third-largest magazine publisher. It is also one of Europe's leading media companies. Axel Springer creates and distributes high-quality information and entertainment in newspapers, magazines, and digital distribution channels. The company's broad portfolio encompasses successfully established multimedia brand families such as BILD and DIE WELT, as well as newspapers, magazines, and online offerings to suit a wide range of interests and information needs, plus investments in TV and radio companies.

The most prominent core competence of Axel Springer is independent and critical, relevant and entertaining journalism aimed at large segments of the population. The other core competencies of Axel Springer are the marketing of attractive advertising spaces in the context of information and entertainment services and the creation of marketplaces as an information service.

The company's core values are creativity, entrepreneurialism, and integrity. These values represent the basis for Axel Springer's corporate culture. They provide guidance to the company's highly motivated and highly qualified employees as they pursue the company's business strategy. The strategic priorities are to extend the market leadership position in the core business of German-language publications, expand the company's activities in selected international markets and accelerate the development of digital media offerings and distribution channels. By means of distributing its printed and digital media content offerings, marketing its attractive advertising spaces, and expanding its high-coverage marketplaces, Axel Springer will become one of Europe's leading multimedia groups, with an integrated offering of print, online, and TV products. By this means, Axel Springer intends to permanently increase the value of the company for its shareholders.

Segments

The growing digitization of the company's core business is reflected in the expanded segment reporting. In order to present the business development of the fast-growing digital media more clearly, Axel Springer combined its existing, non-brand-related assets in the sectors of the Internet, TV and radio within the new segment Digital Media, starting in the third quarter of 2007.

Consequently, the business activities of Axel Springer are now divided into five segments:

The **Newspapers** segment is comprised of all of the company's German and international newspapers, advertising supplements, and the brand-related online activities such as Bild.de, WELT ONLINE, ABENDBLATT ONLINE, and morgenpost.de. Comprised of the BILD-Group, the WELT-Group, and a wide spectrum of regional daily newspapers, as well as Sunday and business newspapers in Germany and abroad, the company's newspaper business has traditionally been the largest revenue contributor. This held true again in fiscal year 2007, when the Newspapers segment accounted for 57.9 % of the total Group-wide revenue. The circulation revenues represented 45.9 %, the advertising revenue 52.5 % of the total segment revenue.

The **Magazines** segment is comprised of the domestic and international magazine portfolio combining more than 150 titles, as well as the brand-related online portals such as computerbild.de and autobild.de. The online activities that are not related to print brands were assigned to the new segment Digital Media. In 2007, the Magazines segment contributed 31.6 % of the Group's total revenues. The circulation revenues represented 62.2 %, the advertising revenues 35.5 % of the total segment revenues.

The new segment **Digital Media** is composed of the online activities that are not brand-related, including auFeminin.com and zanox.de, for example, as well as the web portals immonet.de, stepstone.de and Amiado that had earlier been assigned to the Newspapers segment, as well as the companies Smarthouse, wallstreet:online, wallstreet:online capital, Zertifikate Journal, Anima Publishers, and Electronic Program Guides, which had formerly been presented under the Magazines segment. Axel Springer's TV and radio holdings are also assigned to this segment.

As brand-related online activities such as Bild.de and WELT ONLINE are still presented in the Newspaper and Magazine segments and as several online activities acquired in 2007 are still not yet contained in the annual financial statements on a full-year basis, the unaudited pro-forma revenue of all the online activities in all the segments is presented additionally.

The **Printing** segment is comprised of the company's three own newspaper printing plants. The external revenue of this segment is composed of revenue from contract printing orders, which are accepted for the purpose of utilizing available capacities. The segment's income from investments/expenses reflects the results of the rotogravure joint venture PRINOVIS and the printing plants in Hungary.

The **Logistics/Services/Holding** segment is comprised of the mail delivery services of the PIN Group AG (presented as discontinued operations), logistics and distribution, the service departments, and holding company functions.

Market Positions

Axel Springer is Germany's largest newspaper publisher, with leading market positions in the categories of newsstand papers, Sunday newspapers, and regional subscription newspapers in the markets of Hamburg and Berlin. Axel Springer also publishes DIE WELT, the country's third-largest nationwide premium newspaper.

With a portfolio of more than 50 titles, Axel Springer is the third-largest magazine publisher in Germany, occupying leading market positions in the various categories of TV programming guides, women's magazines, computer magazines, auto magazines, sports magazines, financial magazines, youth magazines, and music magazines.

Outside Germany, Axel Springer publishes a total of more than 170 newspapers and magazines, including licensed editions, in 30 countries of the world. The company focuses in particular on the fast-growing markets of eastern Europe. In Poland, Axel Springer holds a 30.4 % market share with its three newspapers, making it the country's largest newspaper publisher. In the Polish magazine market, Axel Springer is present with ten magazines. In Hungary, Axel Springer publishes ten newspapers and 30 magazines, making it the country's second-largest publisher, with a market share of 22.1 %. In the Czech Republic, the company publishes six magazines and is the market leader in the category of auto magazines. Axel Springer publishes four magazines in Russia. In Romania, the Group holds an investment in Edipresse AS Romania SRL.

Axel Springer's activities in Western Europe are focused on the markets of Switzerland, Spain, and France. In Switzerland, Axel Springer publishes one newspaper and 13 magazines and has since attained the market leadership position in the categories of business magazines, general-interest magazines, and TV programming guides. In Spain, Axel Springer also publishes 13 magazines and holds the market leadership position in the category of computer magazines. In France, the company publishes four of its own magazines and one magazine in conjunction with a joint venture.

Axel Springer placed a top strategic priority on its digital growth initiative in 2007. The Group expanded its online activities tremendously, through targeted acquisitions and new business start-ups as well as by generating growth in its existing businesses. Important milestones included the relaunches of Bild.de, Welt.de, computerbild.de, autobild.de, and jolie.de, the acquisitions of auFeminin.com, wallstreet:online, and zanox.de as well as the continued marketing push for immonet.de and idealo.de (see page 34 ff).

In the TV and radio business, Axel Springer is focuses on growth markets. In January 2007, the Group acquired a 25 % interest in Turkey's largest TV and radio company, Doğan TV (see page 36). Axel Springer also holds investments in regional TV stations in the key markets of Hamburg and Berlin. Through Axel Springer Digital TV GmbH, the company is also active in the digital TV market. Finally, Axel Springer holds minority interests in some of Germany's most successful radio stations.

Research and Development

Axel Springer is continually developing new concepts for delivering information and entertainment to media consumers. The goal of such activities is to establish new media offerings in the market or improve the company's existing media offerings. In order to assess the prospects of new offerings, Axel Springer conducts market research in the relevant markets.

As a natural consequence of the company's digitization and growth strategy, the importance of information technology for the company is constantly growing, especially when it comes to establishing new business models or expanding the company's existing business models. With this in mind, Axel Springer continually launches new innovation projects with the goal of recognizing and taking full advantage of relevant technology trends at an early stage.

Research and development is an integral part of the operating business, especially in the Digital Media segment. These activities are aimed at systematically further developing the company's products and applications and adapting the company's offerings and the underlying technologies to reflect the new technological trends and new business models arising as a result of these trends. As an example, Axel Springer established a development and production center for Electronic Program Guides (Axel Springer Digital TV Guide) and digital television (Axel Springer Digital TV) in 2007, after first conducting the necessary market research and development work.

Organizational Structure

At the beginning of 2008, Axel Springer restructured its Management Board divisions. The most prominent feature of the restructuring was the creation of a new Management Board division for the newspapers, magazines, and online offerings of the BILD family of brands. By means of this newly created, cross-segment area of responsibility, Axel Springer intends to more effectively implement the multimedia strategy of its BILD family of brands and more successfully exploit the significant market potential.

In 2007, the CEO was responsible for the Newspapers segment and the corporate departments of Information and Public Relations, Controlling, M&A, and Legal. The Management Board division for newspapers encompassed the entire portfolio of German-language newspapers, the company's holdings in regional newspapers, and all the Internet activities and investments related to the newspaper operations. In January 2008, the BILD newspaper group was integrated into the Management Board division for magazines and International Activities. In exchange, the CEO assumed responsibility for the international business. Consequently, Axel Springer renamed the Management Board division for newspapers to the Management Board division for the WELT-Group/ Regional Newspapers and International Activities.

Within the Management Board division for Printing and Logistics, the Vice Chairman is still responsible for the company's offset printing plants, the Logistics Distribution segment, and the company's investments in the rotogravure joint venture PRINOVIS and PIN Group AG. The Vice Chairman is also responsible for central purchasing and personnel.

In 2007, the Management Board division of Magazines and International Activities encompassed the German-language portfolio of TV programming guides, women's magazines, auto magazines, computer magazines, financial magazines, music magazines, and youth titles, as well as the international activities of Axel Springer AG. After the BILD newspapers group was added to this Management Board division at the beginning of 2008, it was renamed the BILD-Group and Magazines. As a cross-sectional function, the Electronic Media management group reports to the full Management Board.

The Management Board division of Finance and Services is comprised of the corporate staff and service functions of finance and internal audit, as well as the service departments for real estate and facility management, IT, insurance sales, and customer service.

Operating Sites, Shareholdings

The company headquarters is located in Berlin. The publishing sites are located in Hamburg and Munich and at other locations outside Germany. The consolidated shareholdings of the Group are presented in Section 48 of the Notes to the Financial Statements.

Strategy and Principles

Strategy

Axel Springer provides high-quality information and entertainment to a number of different target groups. By offering and distributing paid content and by marketing attractive advertising spaces and marketplaces, the company intends to become one of Europe's leading multimedia groups, with in an integrated offering of print, online, and TV products. In order to take full advantage of the various opportunities inherent in the changing media landscape, Axel Springer is pursuing a successful strategy of market leadership in its German-language core, internationalization, and digitization.

Reinforcing the market leadership position in the German-language core business. Axel Springer intends to reinforce its strong market position in the German-language core business by tapping new revenue sources. To this end, Axel Springer is planning to launch new offerings, some of which under the established umbrella brands of BILD and DIE WELT, in accordance with the prevailing market conditions and with a focus on selected targeted groups. By means of the numerous new titles the company has launched since 2003, including TV DIGITAL, WELT KOMPAKT, and AUDIO VIDEO FOTO BILD, Axel Springer has repeatedly proven its ability to introduce and successfully develop creative journalistic concepts even amid a challenging economic environment.

Axel Springer also intends to generate additional growth by rapidly expanding its multimedia offerings, and in particular, by boosting its cross-media capabilities. An excellent example of this strategy is represented by the creation of Germany's largest integrated newsroom for the WELT-Group and BERLINER MORGENPOST in 2006. Thanks to the cross-media cooperation in editorial work, sales, and marketing, the newspaper brands have been transposed into media brands. Since 2007, the many activities conducted under the umbrella brand DIE WELT have been united under the new logo WELT-Group (see page 28 et seq.).

Continuing the internationalization of the core business. Axel Springer will continue to expand its activities in selected international markets, in accordance with the prevailing market conditions. These efforts will be focused on fast-growing markets, both in eastern Europe and elsewhere. Depending on the regional market conditions, the measures taken to this end could include the start-up of new titles, targeted acquisitions, or the purchase or granting of licenses in the core business of newspapers and magazines. In addition, Axel Springer intends to introduce successful brands and concepts, both print and digital, in selected international markets.

In 2007, Axel Springer strengthened its market positions in Switzerland and Poland, becoming one of the leading media companies in both of those countries (see page 29 and 32 et seq.). Also, the company successfully continued to internationalize its brands. In the 2007 fiscal year, the Group's international revenue represented more than 20 % of total revenues for the first time.

Increasing the digitization of the core business. Axel Springer intends to press forward with its digital growth initiative, in order to achieve an optimum positioning amid an environment of changing media usage habits. The digitization strategy is modeled after the company's three areas of core competence:

1. Content and brands
2. Marketing
3. Classified ads and marketplaces

In doing so, Axel Springer transposes its existing print brands and content into digital distribution channels and acquires online brands in order to tap new distribution channels and target groups. By these means, Axel Springer intends to fully exploit the multimedia potential of its business and realize synergy effects at the same time. Furthermore, Axel Springer intends to step up its activities in the area of online marketing considerably, in order to capture a share of the fast-growing online advertising market. In addition, Axel Springer will strengthen its competitive position in the area of online classifieds and marketplaces by expanding its own portals and equity holdings in this area.

In 2007, Axel Springer made great strides in its digital growth initiative. By means of numerous acquisitions and start-ups and relaunching existing portals, the company significantly expanded its online offerings (see page 34 ff.).

Principles

Corporate Preamble

Axel Springer is the only media company in Germany to have a corporate constitution, known as the Corporate Preamble, which dates back to 1967. In accordance with the terms of this constitutive document, the company adheres to the following principles, which are firmly anchored in its Articles of Incorporation: unconditional support of liberty and the rule of law in Germany, as a member of the western community of nations, and of the efforts to unify the peoples of Europe; the achievement of reconciliation between Jewish and German, including support of the Israeli people's vital rights; support of the transatlantic alliance and solidarity with the United States of America and the values it shares with free nations; the rejection of all forms of political totalitarianism; and the defense of the free social market economy.

Corporate Values

Axel Springer's corporate culture is rooted in three principal values: creativity, as the indispensable prerequisite for success in journalism and business; entrepreneurialism, as expressed by the ingenuity, sense of responsibility, and goal-oriented actions of the company's employees and managers; and integrity in all dealings with the company, its readers, customers, employees, business partners, and shareholders.

Guidelines of Journalistic Independence

These guidelines concretize and broaden the scope of the journalistic principles contained in the Code of Conduct of the German Press Council. The observance of these principles by the company's reporters and editors in their journalistic endeavors forms the basis for independent, critical journalism. The editors-in-chief are responsible for the observation and implementation of the guidelines in the company's day-to-day activities. The guidelines delineate the distinctions 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.

International Social Policy

In view of the Group's growing international presence, Axel Springer AG has developed a code of social standards. These standards define the company's position on matters of human rights, legal enforceability, protection of children and youths, the treatment of employees, health and safety and the compatibility of work and family. These standards are binding on all the company's operations throughout the world.

The complete texts of the Corporate Preamble, the Guidelines for Journalistic Independence, and the International Social Policy are available on the Internet at www.axelspringer.de.

Value-Driven Management

The business strategy of Axel Springer is based on the three tenets of extending the company's market leadership position in the German-language core business, as well as internationalization and digitization. The overriding goals of this strategy are to ensure profitable, long-term growth and permanently increase the company's value. The company's controlling system has been designed on the basis of these goals. By tracking the development of financial and non financial performance indicators, Axel Springer closely monitors the implementation of the Group's business strategy and can therefore take immediate corrective action if necessary.

Financial Performance Indicators

The key performance indicators used by Axel Springer on the level of the overall company and the segments are the earnings before interest, taxes, and amortization of goodwill (EBITA), the EBITA margin, the earnings before interest, taxes, depreciation, and amortization of goodwill (EBITDA), the EBITDA margin, and the revenue performance. These indicators are anchored in the company-wide planning and controlling system and form the basis for the performance-oriented compensation of the Management Board and other senior managers and the profit-sharing program for all permanent employees of the company.

The compensation of the Management Board members is divided into fixed and variable elements. The variable compensation consists of a cash component and a company stock component. The variable cash bonuses are subject to maximum limits. They are determined on the basis of results, as represented by the employee's individual performance and the success of the company, which is measured on the basis of EBITA. The Management Participation Program resolved by the annual shareholders' meeting of April 14, 2004 created a long-term variable compensation component for all members of the Management Board. For more information on the Management Participation Program, please refer to Section 43 Relationships with Related Persons and Companies, in the Notes to the Financial Statements.

In accordance with the company's Articles of Incorporation, the Supervisory Board receives a fixed compensation element and a variable compensation element. The variable compensation is determined on the basis of the distributed dividend and the company's long-term earnings performance (see Article 16 of the Articles of Incorporation and the comments under Section 43 in the Notes to the Financial Statements). The Supervisory Board decides on the distribution of the fixed and variable compensation elements, in consideration of the activities performed by each member as the Chairman or in the committees. By resolution of the annual shareholders' meeting of April 19, 2007, the provisions of Article 16 (1) of the Articles of Incorporation, which govern the compensation of the Supervisory Board, were amended.

The permanent employees of Axel Springer are entitled to participate in the company's profit-sharing program. Under this program, every such employees receives a bonus of € 200 for every full percentage point by which the EBITA exceeds 10 % of revenue.

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

Non-Financial Performance Indicators

The most important non-financial performance indicators are those that relate to the market position of Axel Springer. Such indicators include the paid circulation of print media, the unique audience, visits and page impressions of online media, and the number of advertising pages, as well as specific indicators of brand and advertisement familiarity, which are generated by means of market research. Other indicators are used to measure the efficiency of internal processes, including, for example, the capacity utilization of the company's own printing plants.

Axel Springer AG has set itself the goal of becoming Europe's most customer-friendly media company by the year 2010. To this end, the company launched an extensive company-wide program in 2006 to improve customer retention. In 2007, a differentiated measurement and evaluation system, known as the customer retention index, was developed for this purpose. The first results of the customer survey were presented in March 2007. All areas of the company, from circulation and advertising to printing and business administration as well as editorial functions, are covered by this process. In the subsequent months, concrete measures were formulated on this basis and implemented in all areas of the company. The follow-up survey was conducted at the end of 2007 and beginning of 2008. The results of this survey, which are expected in the first quarter of 2008, will provide an indication of the extent to which the measures taken have proven to be successful.

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

Economic Environment

General Economic Environment

The **German economy** again exhibited strong growth in 2007. According to the German Federal Statistical Office, the country's gross domestic product expanded at a real rate of 2.5 % in 2007, mainly on the strength of exports, which increased 8.3 %, and business investment, which increased 8.4 %. The job creation process continued throughout the year. The unemployment rate declined from 10.8 % to 9.0 %. Disposable incomes increased 1.6 %, due to the improved state of the jobs market. Consumer spending, as the most important indicator for the market success of Axel Springer's titles, contracted 0.3 % in real terms from the previous year, due to the dampening effect of the increase in the value added tax rate that took effect at the start of 2007. The price increases for household energy and fuels were important factors contributing to the inflation rate of 2.2 % in 2007. The savings rate increased slightly to 10.8 %.

The economic growth of the **international markets** in which Axel Springer AG conducts business was carried mainly by domestic demand. In their Autumn Report, the leading German economic research institutions emphasized the fact that the new European Union member states continue to experience high rates of real economic growth. Accordingly, the Polish economy registered a growth rate of 6.4 % in 2007. With an economic growth rate of only 2.3 %, Hungary lagged far behind the performance of the other, newly acceded EU countries. Switzerland experienced strong economic growth of 2.9 %. Spain again demonstrated its economic resilience with a growth rate of 3.9 %. France experienced rather tepid economic growth of only 1.8 %. Buoyed by fast-growing consumer demand and business investment, the Russian economy achieved economic growth of 7.5 % in 2007. The Czech economy exhibited growth of 5.8 % in 2007.

Industry Environment

Despite the generally positive economic conditions, the demand for **press distribution** products declined further in 2007. The total paid circulation of newspapers and magazines was 2.2 % lower than corresponding last year's figure. Thanks to the price increases effected last year, however, the circulation revenue was only slightly lower, by 0.4 %.

Against the backdrop of an average 3.6 % increase in the **total advertising market** (excluding media advertising and online media) and an average 5.9 % increase in the total advertising market including traditional online advertising, the gross advertising expenditures in print media (excluding classified ads, supplements and media advertising) amounted to € 7.33 billion in 2007, about the same (+ 0.5 %) as corresponding last year's figure. The pressure on advertising rates continued in 2007, with the consequence that the net revenue development was less favorable, as in previous years. Including the classifieds business as one of the key revenue sources of subscription newspapers, the net advertising revenues in 2007 were 1.4 % higher than corresponding last year's figure.

The 377 **daily and Sunday newspapers** tracked by IVW together generated total sales of 24.3 million copies per issue, indicative of a 2.2 % decrease from the previous year period. As in previous years, single-unit sales suffered much greater declines than subscription sales.

The gross advertising revenue of newspapers (excluding classifieds, supplements and media advertising) comes to € 3.80 billion in 2007, that being 0.7 % higher than the previous year's figure. The portion of the gross advertising expenditures of companies in the energy sector, the automobile industry, transportation (excluding automobiles), photography and optics, tourism, and food products spent on ad placements in newspapers increased substantially in 2007. However, the gross advertising expenditures of companies in the computer and telecommunications industry, the financial sector, textiles and clothing, and healthcare and pharmaceuticals were lower. In addition, cigarette ad placements in the print media have been banned since the tobacco advertising prohibition went into effect. Including classifieds, the advertising revenue of the regional subscription newspapers in 2007 was 1.4 % higher than the last year's figure. However, the trend of advertising expenditures on classified ads was mixed, depending on the type of ad. Whereas job ads showed a highly positive development, thanks to the improved situation of the job market, the classified ads for automobiles, travel offerings, and real estate were lower than the respective from last year figures.

At 118.6 million copies per issue, the average sales of **general-interest magazines**, including membership and club magazines, were 2.3 % lower than the corresponding from last year figure. Circulation losses were sustained in news-stand sales in particular, but also in subscription sales. At the same time, the number of new general-interest magazines increased. The magazines tracked by IVW alone rose by 10 to 886 (+ 1.1 %) in 2007.

The gross advertising revenue of the German general-interest magazines (excluding media advertising) increased 0.5 % over the previous year to reach € 3.20 billion in 2007. Among the group of general-interest magazines, the main beneficiaries of the increased advertising revenue were monthly women's magazines (+ 6.4 %), newspaper supplements (+ 10.1 %), business magazines (+ 6.8 %) and illustrated current interest magazines (+ 1.6 %). Those publications that experienced lower advertising revenue were TV programming guides (- 8.5 %), biweekly women's magazines (- 5.2 %), sports magazines (- 6.9 %), and IT/telecommunications magazines (- 4.5 %). Due to the growing pressure on net advertising rates, however, the net revenue performance was less favorable.

In the **international markets** in which Axel Springer AG is represented with its own print activities, the net advertising expenditures on newspapers and magazines (including classifieds) were quite mixed in 2007, depending on the country, according to the forecasts of ZenithOptimedia.

In Poland, the advertising revenue of newspapers (excluding classifieds) increased 2.5 %, those of magazines 3.6 %. The advertising revenue of newspapers in Hungary was 1.4 % higher, but those of magazines were slightly lower, by 0.2 %, than respective last year's figures. In Switzerland, the advertising revenue of newspapers increased 8.0 % and that of magazines increased 3.0 % in 2007. In Spain, the advertising revenue of newspapers (excluding classifieds) was 6.1 % higher, the corresponding revenues for magazines were 1.5 % higher than respective last year's figures. In France, both the newspaper advertising revenue (- 1.9 %) and the magazine advertising revenue (- 1.0 %) were lower in 2007 than they had been in 2006. In Russia, the advertising revenue of the print media was 23.5 % higher in 2007 than in the previous year. In the Czech Republic, the newspaper advertising revenue was 6.5 % lower and the magazine advertising revenue was 8.0 % higher than respective last year's figures.

The number of **web users in Germany** continued to grow in 2007. For the first time, more than 60 % of the German population over the age of 14 were active on the Internet in 2007, according to TNS Infratest. Over the course of 2007, broadband usage increased 12 percent points, with the result that 60 % of all web users now have broadband access, allowing for the use of moving image content, for example. Also, users are spending more and more time on the Internet. The average period of active Internet usage rose to 54 minutes per day in 2007, representing an increase of 12.5 % over the previous year (source: Media Perspektiven 08/2007).

According to Nielsen Media Research, the gross advertising revenue of the German online market (traditional banner advertising, excluding search term marketing and affiliates) increased 66.1 % to € 1.09 billion in 2007 (excluding media advertising). The advertisers using traditional online banner advertising are predominantly service providers, retailers and shipping companies, IT/telecommunication companies, and financial institutions. In its half-year forecast, the online marketers association OVK predicted that online gross advertising revenue (including affiliate networks and search term marketing) would reach € 2.71 billion for the full year 2007.

According to the "Advertising Expenditure Forecast" of ZenithOptimedia, the projected online net advertising revenue for western Europe in 2007 was US$ 8.42 billion (PY: US$ 6.37 billion), representing an increase of 32.2 % over the previous year.

The net advertising revenue in the French online market jumped 45.0 % over the last year's figure (PY: € 370 million) to reach € 537 million in 2007. In Switzerland, the online net advertising revenue of CHF 79 million was 51.9 % higher than the last year's figure (PY: CHF 52 million), according to the above-mentioned forecast report.

In the Czech Republic, the net advertising revenue in the online market increased 15.6 % over the previous year (PY: US$ 90 million) to reach US$ 104 million in 2007, according to the above-mentioned forecast report.

According to Nielsen Media Research, the gross advertising revenue of **advertising-financed television** in Germany (excluding media advertising) increased 4.8 % to € 8.25 billion in 2007. While the private-sector TV programs saw their gross advertising revenue increase 5.2 % to € 7.87 billion, the public-sector TV stations saw their revenue decrease 2.4 % to € 376 million.

According to the forecast by ZenithOptimedia, the net advertising revenue of the Turkish TV market increased 13.9 % over the previous year (PY: US$ 1.01 billion) to reach US$ 1.15 billion in 2007, assuming constant exchange rates of the Turkish lira to the US dollar.

At € 1.16 billion, the gross advertising revenue of **German radio stations** (excluding media advertising) was 8.8 % higher than corresponding last year's figure, indicative of above-average growth. The public-sector radio stations posted an increase of 3.4 %, while the private-sector radio stations reported an increase of 10.8 %.

Business Developments – Group

Market Leadership in the Core Business

Axel Springer successfully expanded its core business in 2007, thereby strengthening its position as one of the most dynamic companies in the media sector, which is being affected by structural changes. Amid this environment, Axel Springer boosted the circulation and advertising revenue of its newspapers and magazines alike. BILD continues to be Europe's largest newspaper and the uncontested market leader in Germany, while BILD am SONNTAG successfully asserted its position as Germany's most-read weekly newspaper by far. Despite the challenging market conditions, BILD am SONNTAG also managed to generate steady advertising revenue. The WELT-Group/BERLINER MORGENPOST became profitable in 2007. In 2006, Axel Springer opened Germany's largest integrated newsroom for WELT-Group/BERLINER MORGENPOST. Thanks to the cross-media cooperation in editorial work, sales, and marketing, the newspaper brands have been transformed into media brands. Since 2007, the many activities conducted under the umbrella brand DIE WELT have been united under the new logo WELT-Group.

Internationalization in the Core Business

Axel Springer continued to press forward with its internationalization strategy in 2007. In Poland, for example, the newspapers FAKT and DZIENNIK exhibited positive development. Moreover, Axel Springer Polska extended its strong position in the Polish newspaper market still further by acquiring the sports daily PRZEGLAD SPORTOWY, including its supplements, and the online portal sports.pl from the Marquard Media Group in early November of last year. In exchange, the Marquard Media Group received the women's magazines PANI DOMU and OLIVIA as well as two entertainment magazines from Axel Springer Polska. In Switzerland, Axel Springer became one of the leading media companies in 2007. At the beginning of the year, Axel Springer acquired 99.5 % of the company Jean Frey AG and later increased its holding to 99.9 %. Effective July 2, 2007, Jean Frey AG purchased the TV programming guides TELE, TV4, and TV2 from Ringier AG. In October 2007, Jean Frey AG was renamed Axel Springer Schweiz. As a result of these acquisitions, Axel Springer has become the Swiss market leader in the categories of general-interest magazines, TV programming guides, and financial magazines. Also, Axel Springer expanded the international presence of AUTO BILD to 30 countries in 2007.

Digitization in the Core Business

Axel Springer placed a high priority on its digital growth initiative in 2007. The company's digitization strategy is modeled after its three areas of core competence in the print world:

1. Content and brands
2. Marketing
3. Classified ads and marketplaces

In the competence area of **content and brands**, Axel Springer made numerous targeted investments in its online activities, including the relaunch of the portals Bild.de, WELT ONLINE, computerbild.de and jolie.de as well as the start of Germany-wide sales of the BILD cellular telephone offering. In July, Axel Springer acquired a 41.4 % equity interest in auFeminin.com, the leading European web portal for women. Aside from operating the online portals, auFeminin.com also owns a proprietary, highly successful server technology for online advertising, known as the SmartAdServer. In the second half of 2007, Axel Springer's shareholding was increased to 68.2 % of the share capital in connection with a public takeover bid. By means of this acquisition, Axel Springer immediately assumed the status of profitable market leader in the sector of online offerings for women in the countries of France, Germany, Spain, Italy, Belgium, and Switzerland.

In May 2007, Axel Springer acquired a 50.1 % majority interest in wallstreet:online AG, the second-largest German portal for financial information. In July 2007, Axel Springer increased its shareholding of Smarthouse Media GmbH, which operates the portal finanzen.net, among other activities, to 76.0 %. By means of these two acquisitions, Axel Springer advanced to the number 2 position in the segment of online financial and business information. Furthermore, the company acquired 75.1 % of wallstreet:online capital AG, one of the leading financial brokerage portals. The acquisition of a 51.0 % equity interest in hamburg.de bolstered the company's market position in the Hamburg region. Axel Springer also expanded its Electronic Program Guide and moving image activities in the internet.

Axel Springer substantially expanded its activities in the area of **online marketing** with the acquisition of a 60 % interest in ZANOX.de AG, which was completed in July 2007. This company, co-owned by Lausanne-based PubliGroupe AG, is one of the leading international providers of performance-based online marketing services. By means of this acquisition, Axel Springer also acquired zanox.de's wholly-owned subsidiary eprofessional, as a provider of search engine marketing and optimization services.

Axel Springer similarly expanded its activities in the area of **classified ads and marketplaces**. idealo.de extended its position as one of Germany's leading product and price search engines. The web portals immonet.de and stepstone.de also substantially improved their market positions. In March 2007, Axel Springer co-founded an e-commerce joint venture with Arcandor. Axel Springer holds 25.1 % of this company's equity. The goal is to quickly build the joint e-commerce platform myby.de launched in October 2007 into a leading online electronics store on the internet.

Axel Springer's activities in the TV and radio sector have been focused on growth markets. In early January 2007, Axel Springer acquired a 25.0 % stake in Doğan TV Holding A.S. (Doğan TV), the leading TV company in the fast-growing Turkish media market. Axel Springer also holds investments in the local TV stations serving its most important regional markets of Hamburg and Berlin. Through Axel Springer Digital TV GmbH, the company is also active in the digital TV market.

On the other hand, Axel Springer will not go through with the planned purchase of a minority interest in the Polish TV company Telewizja POLSAT S.A. The parties reached a mutual agreement to this effect after the Polish Cartel Office withheld its approval in April 2007.

After it proved impossible to effect a strategic increase in the Group's shareholding in ProSiebenSat.1, Axel Springer AG sold its 12.0 % share of the common stock and its 12.0 % share of the preferred stock of ProSiebenSat.1 Media AG to KKR/Permira, the co-shareholder of SAT.1 Beteiligungs GmbH, Munich, on January 15, 2008.

Discontinued Operations: PIN Group

In December 2007, Axel Springer decided to no longer pursue an expansion into the mail delivery services market as a result of fundamental changes in the relevant regulatory conditions.

With effect from August 1, 2007, Axel Springer had increased its shareholding of Germany's second-largest mail delivery service provider, the PIN Group, from 23.5 % to initially 71.6 %, by purchasing the shares of the other co-founding companies WAZ Mediengruppe, Rosalia AG, and Verlagsgruppe Georg von Holtzbrinck. As other regional newspaper publishers contributed their mail delivery business to PIN Group AG in exchange for shares in the company, Axel Springer AG's shareholding had been reduced to 63.7 % by November 2007.

The changed regulatory conditions resulting from the resolution of the lower house of the German parliament to introduce a minimum wage for postal workers effectively conferred considerable competitive advantages to the former monopolist Deutsche Post AG. Consequently, the prospect of operating the PIN Group on a profitable basis according to the original business plan has receded into the distant future. Continuing the business of the PIN Group AG would have required additional financing of € 300 million to € 700 million. Therefore, Axel Springer has announced that it will provide no further financing to the company.

Axel Springer has expressed its willingness to part with its majority interest in the PIN Group or sell its business activities if the co-owners or other investors would provide the financing required to continue operating. In the consolidated financial statements, PIN Group AG is presented separately under the heading of discontinued operations.

Cancellation of Treasury Shares

By resolution of the Management Board of November 6, 2007, based on the authorization of the annual shareholders' meeting, 1,020,000 treasury shares with a value of € 3.06 million were retired and the share capital was reduced by way of simplified capital reduction. Following the implementation of this resolution on November 29, 2007, the percentage of share capital represented by treasury shares declined from 10 % to 7.22 % (of the reduced share capital). Thus, Axel Springer has the option of conducting stock buybacks in the future, if desired, up to the maximum limit of 10 % of share capital allowed by the German law of stock corporations.

Annual Shareholders' Meeting 2007

On April 19, 2007, the annual shareholders' meeting of Axel Springer AG in Berlin approved by a majority of 99.99 % the management's proposal to distribute a dividend of € 3.50 per qualifying share for the 2006 fiscal year. The total dividend distribution came to € 107.3 million, representing 87.3 % of the unappropriated net profit of Axel Springer AG according to the accounting regulations of German commercial law. The company's treasury shares do not qualify for dividends. The 26.4 million voting shares exercised at the annual shareholders' meeting represented 77.7 % of the company's capital stock.

The former Supervisory Board member Leonhard H. Fischer resigned his office at the close of the annual shareholders' meeting of April 19, 2007. To replace him, Michael Lewis, an Investment Manager, of London/United Kingdom, was elected to the Supervisory Board as a new member.

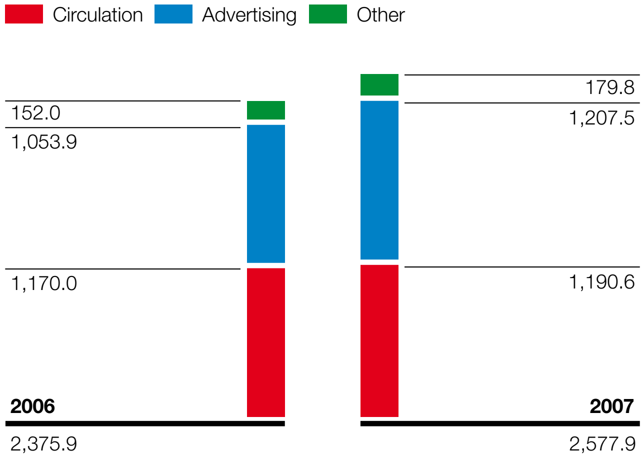
On April 19, Klaus Krone was elected by the Supervisory Board to replace Leonhard H. Fischer on the Audit Committee.

On May 18, 2007, Dr. Oliver Krauß filed an action to render null and void the resolutions of the annual shareholders' meeting of April 19, 2007 relating to Agenda Item 3 (ratification of the actions of the Management Board), Item 4 (ratification of the actions of the Supervisory Board), and Item 8 (special authorization to purchase and use the company's own shares according to Section 71 (1) (8) AktG in connection with the Company Participation Program). Mr. Frank Scheunert has joined this action pending before the Berlin Regional Court (case number 95 O 51/07) on the side of the defendant. The Berlin Regional Court dismissed the action in first instance on November 1, 2007. The plaintiff has appealed this ruling before the Appellate Court of Berlin.

Operating Results – Group

Revenue

in € millions

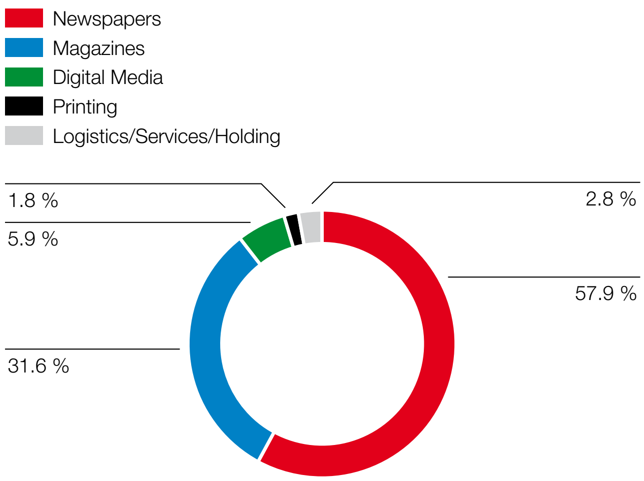


Revenue 8.5 % above Previous Year

At € 2,577.9 million, Axel Springer's total revenue was € 202.0 million (+ 8.5 %) higher than corresponding last year's figure. Adjusted for acquisitions, the revenue increase came to 1.2 %. At € 1,190.6 million, the circulation revenue was € 20.6 million (+ 1.8 %) higher than corresponding last year's figure and represented 46.2 % of the company's total revenue. The key factors contributing to the revenue increase were the acquisition of Jean Frey AG in Switzerland and the organic growth of DZIENNIK in Poland and the titles in Hungary and Russia. Adjusted for acquisitions, the circulation revenue amounted to € 1,163.0 million, slightly lower than last year's figure of € 1,170.0 million. The advertising revenue increased € 153.6 million (+ 14.6 %) to € 1,207.5 million and represented 46.8 % of the company's total revenue. This increase was primarily due to the first-time consolidation of the newly acquired companies zanox.de, Jean Frey, auFeminin.com, idealo.de, Smarthouse and wallstreet:online as well as the positive performance of DZIENNIK in Poland, the titles in Russia, WELT-Group/BERLINER MORGENPOST in Germany.

Adjusted for acquisitions, the advertising revenues amounted to € 1,062.7 million, representing an increase of € 12.1 million (+ 1.2 %) over the previous year. The other revenue increased € 27.8 million (+ 18.3 %) to € 179.8 million, mainly due to an increase in merchandise revenue in Germany and abroad. Foreign exchange effects added € 6.3 million to the revenue figure.

Segment Revenue 2007

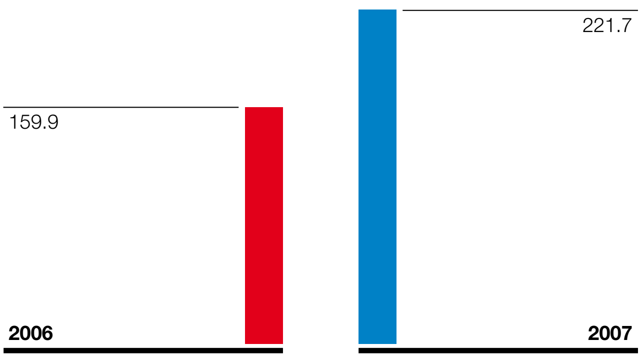


Pro Forma Online Revenue up 38.6 %

The pro forma online revenue include both the revenue from the online activities derived from the print brands of the company's Newspapers and Magazines segments and the revenue from the online activities conducted within the Digital Media segment. The business activities acquired since 2006 are presented on the basis of unaudited financial data for both 2006 and 2007. The portal zanox.de is included at the proportional rate of 60 %, in accordance with the organizational structure that was planned by the shareholders at the time of the acquisition. In 2007, the pro forma revenue from online activities increased 38.6 % to € 221.7 million (PY: € 159.9 million). The main contributors to the revenue increase were the activities of zanox.de, auFeminin.com, immonet.de, Smarthouse and Bild.de.

Pro Forma Online Revenue

in € millions

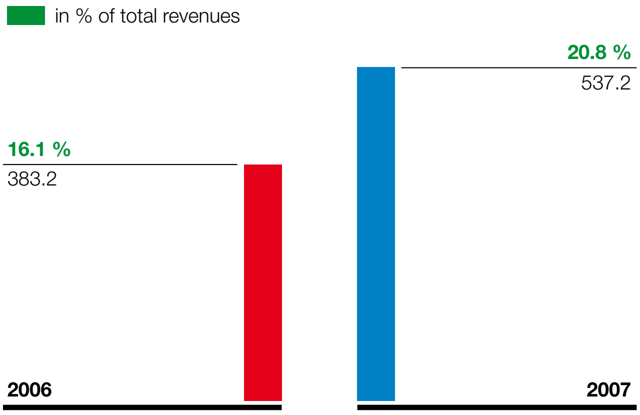


International Revenue Represents 20.8 % of Total Revenue for the First Time

The international revenue of € 537.2 million were € 154.0 million (+ 40.2 %) higher than corresponding last year's figure. This increase was mainly due to the first-time consolidation of the companies Jean Frey, zanox.de, and auFeminin.com and to the increased level of revenues in Poland, Hungary and Russia. Thus, international revenues represented 20.8 % of total revenues for the first time in 2007 (PY: 16.1 %).

International Revenue

in € millions



Total Expenses Higher than the Previous Year's Figure

At € 2,343.3 million, the total expenses were € 181.7 million (+ 8.4 %) higher than last year's figure (PY: € 2,161.6 million). This increase was mainly due to the newly acquired companies and start-ups.

At € 882.8 million, the purchased goods and services were € 93.5 million (+ 11.8 %) higher than corresponding last year's figure. The personnel expenses of € 701.9 million were € 41.8 million (+ 6.3 %) higher than the last year's figure. Aside from the newly acquired companies, these increases reflect BILD's planned move to Berlin and the discontinuation of development work for a tabloid newspaper in France.

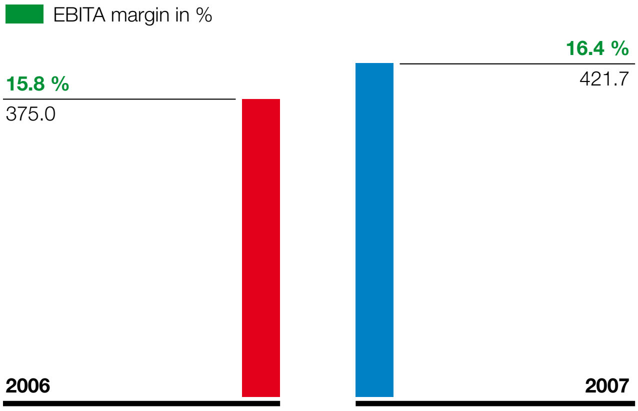
At € 684.4 million, the other operating expenses were € 35.6 million (+ 5.5 %) higher than corresponding last year's figure. At € 74.2 million, the depreciation, amortization, and impairments (excluding the amortization of goodwill) were € 10.8 million (+ 17.0 %) higher than last year's figure, largely due to the systematic depreciation imputed in connection with purchase price allocations of € 13.4 million.

Increased EBITA and EBITDA

In 2007, Axel Springer increased its earnings before interest, taxes, and amortization of goodwill (EBITA) adjusted for non recurring items by € 46.7 million to € 421.7 million (PY: € 375.0 million) and its earnings before interest, taxes, depreciation and amortization of goodwill (EBITDA) adjusted for non recurring items by € 36.1 million to € 470.0 million (PY: € 433.9 million). The EBITA and EBITDA increases were mainly driven by the positive performance of DIE WELT, BERLINER MORGENPOST, WELT am SONNTAG, WELT KOMPAKT, HAMBURGER ABENDBLATT, and the newspapers in Poland, as well as the first-time consolidation of Jean Frey. Adjusted for the income from the Kirch insolvency in the amount of € 13.0 million (PY: € 33.6 million), the consolidated EBITA for 2007 was € 67.3 million (+ 19.7 %) higher than the adjusted from last year figure. The EBITA margin widened to 16.4 % (PY: 15.8 %) and the EBITDA margin of 18.2 % was on the level of the previous year (PY: 18.3 %).

EBITA, EBITA Margin

in € millions



Income from Continuing Operations on a High Level

The income from continuing operations amounted to € 284.0 million in 2007 (PY: € 294.6 million, adjusted for all charges against earnings resulting from the PIN Group). The decrease from the previous year, despite the higher EBITA figure in 2007, was due to the lower net financial income/ expenses and the lower level of income-increasing non recurring tax effects in the tax expenses, as compared to the previous year. The change in the net financial income/expenses can be attributed to three causes. First, the last year's figure contained a profit of € 22.4 million from an interest rate hedging transaction concluded in connection with the planned acquisition of ProSiebenSat.1 Media AG. Second, the negative change in the fair value of the H&F options for shares of Axel Springer AG, in the amount of € -16.0 million (PY: earnings of € 15.4 million), reduced the net financial income/expenses for 2007. Third, the interest expenses for 2007 were substantially higher than the last year's figure as a result of the higher utilization of the credit facility to finance portions of the company's acquisitions last year. The tax expenses for 2007 contained an income item of € 43.1 million from the remeasurement of deferred taxes to account for the reduced tax rate in Germany, while the previous year figure contained a tax income item of € 52.9 million resulting from the recognition of a corporate income tax asset in connection with a legislative change.

Fiscal Year Net Loss Resulting from Non Recurring Charge

Due to the non recurring charge for the impairment of the Group's investment in the PIN Group, the income/loss from continuing operations was a loss of € - 572.4 million. Consequently, the consolidated net income/loss was a net loss of € 288.4 million (PY: consolidated net income of € 290.8 million).

Net Loss/Income

in € millions	2007	2006
Income from continuing operations	284.0	294.5
Income from discontinued operations	- 572.4	- 3.7
Net loss/income	**- 288.4**	**290.8**

Earnings per Share € - 9.78

In a reflection of the consolidated net loss for 2007, the basic earnings per share declined from € 9.20 to € - 9.78. The diluted earnings per share for the 2007 fiscal year came to € - 9.70 (PY: € 9.13). This latter figure takes into account the dilution effect of the stock options granted in connection with the Management Participation Program. The earnings per share from continuing operations were € 8.91 (PY: € 9.28).

The disclosures concerning the company's dealings with related persons and companies are contained in the Notes to the Financial Statements in Section 43.

NEWSPAPERS

BILD-Group

2007 Average paid circulation, IVW data	2007	Change year-on-year
BILD	3,455,032	- 3.4 %
BILD am SONNTAG	1,805,703	- 3.9 %

With a circulation of 3.5 million copies and 11.6 million readers (Media-Analyse 2008/1), BILD is still Europe's largest newspaper by far and the uncontested market leader in Germany. In fact, BILD is the most widely read daily media experience in Germany. The copy price of the BILD issues in Hamburg, Frankfurt, and Stuttgart was raised from € 0.50 to € 0.60 in 2007. The layout and editorial content have been redesigned to make them even more reader-friendly.

BILD am SONNTAG also increased its readership in 2007. With an average of 11.3 million readers (Media-Analyse 2008/1), BILD am SONNTAG is by far the most-read weekly newspaper in Germany. Thanks to a new, integrated brand image, BILD am SONNTAG as Germany's largest Sunday newspaper achieved an average circulation of 1.8 million copies and generated steady revenue.

Bild.de

2007 Offering (selection) in thousands	Unique audience 2007[1]	Change year-on-year	Visits 2007[2]	Change year-on-year
www.bild.de	2,834	14 %	46,026	31 %

1) Source: Nielsen NetRatings, 2007 monthly average.
2) Source: IVW, 2007 monthly average.

The digitization of Axel Springer's core brand BILD was pursued with considerably greater intensity in the 2007 fiscal year. An extensive innovation process implemented at Bild.de to ensure continuous product improvement yielded its first major benefit with the successful relaunch of the portal on December 13. Also, the organization of Bild.de was restructured and the marketing department was revamped. The dynamic growth of purely online advertising revenue is demonstrative of the fact that this strategy has been extremely well received in the market.

In addition to the targeted reorganization and content improvements, Bild.de also successfully expanded its brand presence in the digital markets by launching a nationwide sales program for a cellular telephone calling plan that features free access to the BILDmobil portal. The program was successful from the start, with 170,000 starter sets activated alone in the fourth quarter of 2007. The mobile portal itself has performed even better, generating almost 8 million page impressions per month, making it the absolute market leader in the segment of cellular information portals.

WELT-Group and Regional Newspapers

2007 Average paid circulation, IVW data	2007	Change year-on-year
DIE WELT/ WELT KOMPAKT	273,675	4.4 %
WELT am SONNTAG	404,878	- 0.1 %
HAMBURGER ABENDBLATT	253,610	- 2.1 %
BERLINER MORGENPOST	148,775	- 0.5 %
B.Z./B.Z. am SONNTAG	204,451	- 0.8 %

WELT-Group/BERLINER MORGENPOST improved its advertising revenue, reinforced its last management, and became profitable in the 2007 fiscal year. Bucking the market trend, Axel Springer increased the circulation of DIE WELT/WELT KOMPAKT by 4.4 % over the previous year on the strength of its modern newspaper concept. Since October, DIE WELT has appeared with an optimized layout and even clearer article structure. WELT KOMPAKT, Germany's first super-regional newspaper in a tabloid format, expanded its circulation area to include Stuttgart, Hanover, Bremen, Leipzig, Halle, and Cottbus in 2007. Thus, WELT KOMPAKT is available in 44 large German cities today. With an average paid circulation of nearly 405,000 copies, WELT am SONNTAG solidified its status as the leading German premium Sunday newspaper.

As Berlin's largest and oldest newspaper, B.Z. successfully asserted its dominant position in terms of circulation and advertising revenue. In the first year after the restructuring of B.Z. and B.Z. am Sonntag under the roof of the autonomous entity B.Z. Ullstein GmbH, the newspaper's earnings performance has exhibited significant improvements.

As the leading regional newspaper in Hamburg, HAMBURGER ABENDBLATT increased its advertising revenue in 2007, due in particular to the strong performance of job ads and display ads for brand-name products and services.

The regional newspapers KIELER NACHRICHTEN, LÜBECKER NACHRICHTEN, OSTSEEZEITUNG in Rostock, and LEIPZIGER VOLKSZEITUNG, in which Axel Springer holds equity investments, again performed extremely well in 2007, thanks in particular to the positive state of the job market in Germany. The formation of jointly-run companies for editorial services and for the publishing departments of Lübecker Nachrichten and Ostsee-Zeitung in Rostock laid the foundation for the successful development of these two newspapers.

Axel Springer sold its 33.3 % equity interest in the Frankfurt advertising supplements company Verlag Blitz-Tip GmbH & Co. KG in March 2007.

WELT-Group and HAMBURGER ABENDBLATT

2007 Offering (selection) in thousands	Unique audience 2007[1)]	Change year-on-year	Visits 2007[2)]	Change year-on-year
www.welt.de	1,465	75 %	8,246	42 %
www.abendblatt.de	839	91 %	3,275	54 %

1) Source: Nielsen NetRatings, 2007 monthly average.
2) Source: IVW, 2007 monthly average.

The performance of WELT ONLINE surpassed all expectations. Following a comprehensive relaunch in the first quarter of 2007, the brand's online presence was successfully extended in the subsequent months. The page impressions in 2007 were 130 % and the visits were 42 % higher than the respective previous year's figures. In the fourth quarter of 2007, WELT ONLINE registered more than 99.1 million page impressions for the first time ever. Thus, WELT ONLINE has taken the top place among the group of premium newspapers in Germany, ahead of competitors Sueddeutsche.de and FAZ.net.

In the fourth quarter of 2007, abendblatt.de attained the widest coverage of all of the purely regional newspaper portals in Germany (according to Nielsen NetRatings). Thus, it has become one of the top ten German news sites.

International Development

With its tabloid daily FAKT and its premium newspaper DZIENNIK, Axel Springer Polska is the clear leader in the Polish market for national daily newspapers, with a market share of 42 % based on paid circulation. With an average paid circulation of more than 514,000 copies, FAKT successfully defended its leadership status in the Polish market, while DZIENNIK was successfully established as a national premium newspaper. Launched in April 2006, this daily had an average paid circulation of about 190,000 copies per day in 2007.

The Internet portal DZIENNIK ONLINE was reintroduced with a new layout in November 2007. DZIENNIK ONLINE is one of Poland's leading news portals. In early November, Axel Springer Polska acquired the daily sports paper PRZEGLAD SPORTOWY, its supplements, and the online portal sports.pl from the Marquard Media Group. In exchange, the Marquard Media Group acquired the women's magazines PANI DOMU and OLIVIA and two entertainment magazines from Axel Springer Polska.

Since being acquired in November 2007, the Polish sports portal sports.pl has already generated positive results, with an average of 186,000 unique users and 2.552 million page impressions per month. In 2008, Axel Springer intends to extend its coverage considerably to make it Poland's leading sports portal.

Axel Springer Hungary publishes eight regional dailies, a Sunday newspaper, and a business newspaper. With a paid circulation of more than 13,000 copies, VILÁGGAZDASÁG successfully maintained its leading position in the segment of business newspapers. The business portal VILÁGGAZDASÁG boasts 74,000 unique users and 190,000 page impressions per day, on average.

The circulation figures for the international newspapers are presented on page 148.

Key Figures – Newspapers

in € millions

	2007	2006	Change year-on-year
External revenue	**1,493.1**	**1,457.0**	**2.5 %**
as % of Group revenue	57.9 %	61.3 %	
Circulation revenues	684.6	678.2	0.9 %
Advertising revenue	783.7	769.2	1.9 %
Other revenue	24.8	9.6	158.3 %
EBITA	**331.7**	**300.3**	**10.5 %**
EBITA margin	22.2 %	20.6 %	
EBITDA	338.4	306.1	10.6 %
EBITDA margin	22.7 %	21.0 %	
Employees	4,506	4,376	3.0 %

Axel Springer increased its newspaper revenue by € 36.1 million (+ 2.5 %) to € 1,493.1 million in 2007. Again, the Newspapers segment was the Group's largest revenue contributor, accounting for 57.9 % of total revenue. Foreign exchange effects reduced the revenue figure by € 5.2 million.

At € 684.6 million, the circulation revenue was € 6.4 million higher than corresponding last year's figure. This increase can be attributed in particular to the premium Polish newspaper DZIENNIK that was first published in April 2006. The newspapers FAKT, WELT KOMPAKT, DIE WELT, and HAMBURGER ABENDBLATT also exhibited positive growth. The advertising revenue from newspapers increased € 14.5 million (+ 1.9 %) to € 783.7 million, mainly as a result of higher advertising revenue at DZIENNIK, WELT am SONNTAG, BERLINER MORGENPOST, DIE WELT, HAMBURGER ABENDBLATT and Bild.de. The category of other revenue amounted to € 24.8 million, € 15.2 million more than the corresponding last year's figure, due in part to the positive development of merchandise revenue and the BILDmobil portal.

The EBITA adjusted for non recurring items of the Newspapers segment amounted to € 331.7 million, representing an increase of € 31.4 million (+ 10.5 %) over corresponding last year's figure. The positive earnings performance of the German and Polish newspapers was offset in part by a non recurring charge related to the discontinuation of preparatory work for the introduction of a daily newspaper in France. The EBITA margin was 22.2 % (PY: 20.6 %).

MAGAZINES

TV DIGITAL succeeded in further extending its dominant position as Europe's largest TV programming guide for digital television. With approximately 1.9 million copies sold, TV DIGITAL is the number 1 title in the entire segment of TV programming guides. With more than 1.5 million copies sold, HÖRZU is still Germany's largest weekly TV programming guide. In March, Axel Springer launched the biweekly TV GUIDE with the aim of complementing its strategic portfolio of TV programming guides. Axel Springer AG sold PPS Presse-Programm-Service GmbH to dpa Deutsche Presse Agentur GmbH in the first half of 2007.

In 2007, the women's magazines BILD der FRAU and FRAU von HEUTE managed to expand their market positions in a market environment characterized by intense predatory competition. With an average paid circulation of 1.1 million copies and 5.7 million readers (Media-Analyse 2008/I), BILD der FRAU impressively asserted its leading position in the segment of women's magazines. Axel Springer successfully implemented a € 0.10 increase in the copy price for FRAU von HEUTE, bringing the copy price to € 0.70. JOLIE added 80,000 new readers, bringing its coverage to 590,000 (Media-Analyse 2008/I). In the first three months after the relaunch in late August, visits to jolie.de doubled.

In 2007, COMPUTER BILD increased its average paid circulation by 3.5 % over the previous year. With a coverage of approximately 4.1 million readers and an average paid circulation of about 710,000 copies, COMPUTER BILD extended its market leadership position in the segment of computer magazines. COMPUTER BILD SPIELE is still the number 1 publication by far in the tough market for computer gaming magazines. AUDIO VIDEO FOTO BILD successfully asserted its market leadership position in the segment of entertainment electronics magazines. In July 2007, the COMPUTER BILD-Group introduced a completely revised web portal. At computerbild.de, users can find all of the answers to major technology questions. With 42.5 million page impressions and 5.4 million visits (IVW November 2007), this portal has become firmly established as one of the top five German technology websites. In 2007, the page impressions were 106 % higher and the visits were 87 % higher than respective last year's figures.

The titles of the AUTO BILD-Group were highly successful in 2007. Amid a declining market, AUTO BILD achieved a circulation gain of 0.8 % and attained a new record coverage of 2.8 million readers (Media-Analyse 2008/I). The website autobild.de was completely overhauled in August. As part of the relaunch, all members of the AUTO BILD family (ALLRAD, KLASSIK, MOTORSPORT, SPORTSCARS & TUNING) received their own online channels, which can be marketed on a cross-media basis.

SPORT BILD, Germany's largest magazine for men, increased its paid circulation 7.9 % to about 501,000 copies.

Axel Springer Finanzen Verlag GmbH, a wholly-owned subsidiary of Axel Springer AG, asserted its strong position amid a market environment that continues to be highly difficult. In particular, the weekly magazine EURO AM SONNTAG achieved a significant increase in its advertising revenue over the previous year. Moreover, the monthly magazine EURO was the only magazine in its competition category to increase its advertising volumes. It also increased its coverage by 20.6 % to 410,000 readers (Media-Analyse 2008/I).

In September 2007, Axel Springer acquired a 30 % equity interest in Zertifikate Journal AG, the leading source of independent information and consulting services related to certificates and certificated derivates in German-speaking areas.

The music titles MUSIKEXPRESS, ROLLING STONE, and METAL HAMMER successfully maintained their leading positions in the segment of music magazines sold at newsstands. Since February 2007, the new youth format YAM!BamS has appeared in every issue of BILD am SONNTAG. Consequently, YAM!BamS is Germany's largest print offering for readers in the target group of 14-24-year-olds.

Effective February 1, 2008, Axel Springer combined all its women's magazines, youth magazines, and music magazines, along with their respective online offerings, under the roof of the new publishing group entitled Women, Youth, and Music. The goals of this reorganization are to strengthen the segment of women's magazines and accelerate the cross-media expansion of the women's brands, youth brands, and music brands of Axel Springer Mediahouse München.

Magazines – Germany

2007 Average paid circulation, IVW data	2007	Change year-on-year
TV DIGITAL	1,882,386	0.8 %
HÖRZU	1,510,804	- 4.1 %
FUNK UHR	721,613	- 6.2 %
BILDWOCHE	229,872	- 12.2 %
TV NEU	171,591	- 17.8 %
BILD der FRAU	1,084,650	- 1.6 %
FRAU von HEUTE	353,286	- 14.5 %
JOLIE	330,998	- 3.8 %
COMPUTER BILD	709,614	3.5 %
COMPUTER BILD SPIELE	357,892	- 22.0 %
AUDIO VIDEO FOTO BILD	269,865	- 19.4 %
AUTO BILD	643,823	0.8 %
AUTOMOBIL TESTS	169,419	54.2 %
AUTO BILD ALLRAD	67,048	- 3.9 %
AUTO BILD MOTORSPORT	60,927	- 1.1 %
AUTO BILD SPORTSCARS	68,756	19.1 %
SPORT BILD	500,554	7.9 %
EURO	171,275	0.3 %
EURO am SONNTAG	110,773	- 0.3 %
MAXIM	124,102	- 7.0 %
POPCORN	213,355	- 29.9 %
MÄDCHEN	157,879	- 5.5 %
YAM!	130,327	- 33.9 %
STARFLASH	65,067	- 43.9 %
MUSIKEXPRESS	55,068	- 6.7 %
ROLLING STONE	55,047	- 3.4 %
METAL HAMMER	45,810	- 4.4 %

Magazines

2007 Offering (selection) in thousand	Unique Audience 2007[1]	Change year-on-year	Visits 2007[2]	Change year-on-year
www.computerbild.de	1,082	83 %	2,605[3]	87 %
www.autobild.de	669	2 %	3,776	13 %
www.sportbild.de	199	35 %	1,501[4]	86 %

1) Source: Nielsen NetRatings, 2007 monthly average.
2) Source: IVW, 2007 monthly average.
3) Visits data from Nielsen NetRatings as no IVW-audited figures exist for the period prior to May 2007.
4) Company data.

The visits to the company's online portals showed a highly positive development in 2007. After its relaunch, computerbild.de scaled new heights, with almost 3.5 million visits in September. autobild.de further extended its position as a leading provider of editorial content related to automobiles.

International Development
AUTO SWIAT successfully asserted its dominant position atop the segment of auto magazines in 2007. AUTO SWIAT PORADNIK (AUTO BILD Consumer Guide), the special version of the Polish AUTO BILD licensed edition, has appeared since August 2007. Also, NEWSWEEK magazine is one of Poland's leading news magazines and KOMPUTER SWIAT held its ground in 2007 as the market leader in the segment of computer magazines.

Axel Springer Budapest further extended the dominant position of its five TV magazines. With a paid circulation of more than 202,000 copies in 2007, the women's magazine KISKEGYED is the number 3 publication in its segment. Also, Axel Springer Budapest is the market leader in the segment of auto magazines, with its titles AUTO MOTOR and AUTO BILD. The 16 regional and news portals operated by AS Hungary together generated cumulatively about 345,000 unique users and 10 millions page impressions in 2007.

In Switzerland, Axel Springer expanded its business activities considerably in 2007, quickly closing the gap to the so far leading media companies on the strength of various acquisitions. In January 2007, Axel Springer AG purchased 99.5 % of the share capital of Jean Frey AG and subsequently boosted its investment to 99.9 %. The media offering of this Zurich-based company includes the consumer advice magazine BEOBACHTER, the TV magazine TV STAR, and the business magazine BILANZ. In addition, Jean Frey AG operates a service provider division for trade and technical media. Effective July 2, 2007, Jean Frey AG acquired the German-language TV programming guides TELE, TV4, and TV2 from Ringier AG. As a result of this acquisition, Axel Springer now publishes five TV programming guides in Switzerland, including the Swiss edition of TV DIGITAL. In October of last year, the former Jean Frey AG was renamed Axel Springer Schweiz. In the future, the market activities of the publishing group Verlagsgruppe Handelszeitung, consisting of the publishers Handelszeitung and Finanzrundschau AG and Handelszeitung Fachverlag AG, will be conducted under the common brand of Axel Springer. With a circulation of about 31,000 copies in 2007, the weekly business title Handelszeitung performed on the level of the previous year. Also, Handelszeitung and Jean Frey (Zurich) entered into an agreement with Ringier AG to purchase the entire subscriber list of the weekly business magazine “Cash”. Ringier intended to discontinue publication of “Cash” at the end of June 2007. It was agreed that the “Cash” subscribers would be given the choice, as of July 2007, to receive either the weekly business title HANDELSZEITUNG, the biweekly business magazine BILANZ, or the biweekly investor magazine STOCKS.

Axel Springer España maintained its dominant market position in the segment of computer magazines and computer gaming magazines in 2007. The best-selling magazines in this country included the biweekly COMPUTER HOY, the licensed edition of COMPUTER BILD, the monthly computer gaming magazine HOBBY CONSOLAS, and, outside the computer segment, the auto magazine AUTO BILD España. In its second year of publication, the Spanish licensed edition of AUTO BILD established a strong position at the top of the Spanish market for auto magazines. Introduced in April of last year, the Spanish edition of AUTO BILD ALLRAD has since become established as the market leader in its segment.

Despite intense competition, Axel Springer's French weekly TV magazine TÉLÉ MAGAZINE managed to stabilize its circulation and advertising volumes in 2007. The weekly auto magazine AUTO PLUS, published under a joint venture with Mondadori France, successfully defended its leading market position in 2007.

Axel Springer Russia publishes four magazines. In the second year after first being launched in the Russian market, the biweekly magazine COMPUTER BILD increased its paid circulation by 68 %. Only one year after its initial launch, the people magazine OK! increased its paid circulation by 49 %, thereby advancing to the status of market leader in the segment of weekly glossy magazines.

Axel Springer Praha discontinued publication of SVET POCITACU, the Czech licensed edition of COMPUTER BILD, in November 2007. Against the backdrop of a shrinking market, this title did not achieve the goals that had been set and therefore did not have good prospects for a satisfactory financial performance.

Already in January of last year, Edipresse AS Romania further expanded its magazine portfolio by launching the monthly parenting magazine FAMILIA MEA BABY. In October, it launched another new title in the Romanian market, the women's magazine PSYCOLOGIES. The Romanian licensed edition of this internationally acclaimed women's magazine appears once a month.

The expansion of the international presence of AUTO BILD continued apace in 2007. In April, AUTO BILD started its presence in Slovenia. In Greece, AUTO BILD HELLAS was introduced in October to replace the former supplement AUTO NEA as the licensed edition of AUTO BILD. Thus, AUTO BILD is now published in 30 countries. AUTO BILD ALLRAD brand is similarly pursuing a course of further expansion. In April, the second and third international country editions of this magazine were launched in the Ukraine and Spain, following the first such country edition of AUTO BILD ALLRAD in Lithuania.

The circulation figures for the international magazines are presented on page 148 et seq.

Key Figures – Magazines

in € millions

	2007	2006	Change year-on-year
External revenue	**814.1**	**783.0**	**4.0 %**
as % of Group revenues	31.6 %	33.0 %	
Circulation revenue	506.0	491.8	2.9 %
Advertising revenue	288.6	275.6	4.7 %
Other revenue	19.5	15.6	25.0 %
EBITA	**80.2**	**66.2**	**21.1 %**
EBITA margin	9.9 %	8.5 %	
EBITDA	88.9	73.9	20.3 %
EBITDA margin	10.9 %	9.4 %	
Employees	2,575	2,358	9.2 %

Axel Springer increased its magazine revenue by € 31.1 million (+ 4.0 %) to € 814.1 million. Thus, the Magazines segment contributes 31.6 % of the Group's total revenue.

At € 506.0 million, the circulation revenue was € 14.2 million (+ 2.9 %) higher than corresponding last year's figure (PY: € 491.8 million). The acquisition of Jean Frey AG in Switzerland, the launch of TV GUIDE, and the positive development of the auto magazines and the titles in Russia and Hungary more than offset the moderate declines in the circulation revenue of established titles compared with the previous year. Thanks in particular to the acquisition of Jean Frey AG and the continued positive development of the activities in Russia and Hungary, as well as the positive performance of women's magazines and financial magazines, the advertising revenues of € 288.6 million in 2007 were € 13.0 million (+ 4.7 %) higher than last year's figure. At € 19.5 million, the other revenue was € 3.9 million (+ 25.0 %) higher than the respective figure from last year. Foreign exchange effects increased the revenue by € 0.6 million.

At € 80.2 million, the EBITA adjusted for non recurring items was € 14 million (+ 21.1 %) higher than the previous year's figure. This increase was driven mainly by the higher earnings of TV DIGITAL, HÖRZU, the women's magazines and auto magazines, and by the earnings contribution of the newly consolidated company Jean Frey AG. The EBITA margin was 9.9 % (PY: 8.5 %).

DIGITAL MEDIA

Online Activities

As part of the digital growth initiative pursued in 2007, Axel Springer instigated a massive expansion of its online activities, both through various significant acquisitions and business start-ups. By means of these steps, Axel Springer is energetically pursuing a digitization strategy with the aim of transposing the company's core competencies into the digital world. As part of this campaign, the company is focusing on three areas of competence in particular:

1. Content and brands
2. Marketing
3. Classified ads and marketplaces

In the competence area of **content and brands**, Axel Springer further expanded its activities in 2007. In July, Axel Springer acquired control over a total of 41.4 % of the capital stock in auFeminin.com, the leading European web portal for women. In the second half of 2007, Axel Springer's shareholding was increased to 68.2 % of the capital stock by means of a public takeover offer. As a result of this highly successful acquisition, Axel Springer immediately rose to the status of profitable market leader in the segment of online offerings for women in France, Germany, Spain, Italy, Belgium, and Switzerland. Moreover, auFeminin.com represents a platform that will allow for further growth in the company's existing markets and in new markets as well. In December 2007, auFeminin attained a worldwide total of 25.9 million unique users and 545 million page impressions (SmartAd Server).

Following the acquisition of a majority interest (50.1 %) in the finance portal wallstreet:online in May and the further expansion of the company's own portal finanzen.net, Axel Springer has since risen to the number 2 spot in the online segment of financial and business information. In July, Axel Springer increased its equity interest in Smarthouse Media GmbH, which operates the portal finanzen.net, among other activities, to 76 %. The company also acquired a 75.1 % interest in wallstreet:online capital AG, one of the leading financial brokerage portals. In September, Axel Springer purchased a 30 % interest in Zertifikate Journal AG, the leading independent online source of information and consulting services for certificates and certificated derivatives in the German-speaking world.

In the segment of regional portals, Axel Springer purchased a 51 % interest in hamburg.de GmbH & Co. KG in July. This company operates the official city portal hamburg.de, which offers information and services related to the city of Hamburg.

In March, the company founded the wholly-owned subsidiary Axel Springer Digital TV Guide GmbH, which offers technology solutions for Electronic Program Guides (EPGs) and for the navigation of digital content on different terminal devices and platforms.

In July, Axel Springer acquired a 20 % interest in MOTOR-TALK GmbH. motor-talk.de is the largest German community focused on automobiles and motorcycles.

In March 2007, Axel Springer Praha A.S. acquired 74.9 % of Anima Publishers s.r.o., the operator of the leading Czech auto portal auto.cz, with more than 409,000 unique users (Netmonitor), and its spin-offs autofun.cz, roadlook.pl and roadlook.sk. The company also launched a new, multilingual IPTV broadcaster under the brand name roadlook.tv. The portal auto.cz, known outside the Czech Republic as Roadlook, is the leading Czech auto portal.

In April, the Swiss publishing group Verlagsgruppe Handelszeitung purchased 100 % of the share capital of Amiado AG. This Zurich-based stock corporation operates students.ch, by far the largest Swiss online portal for university students, as well as other portals and communities.

In the competence area of **marketing**, Axel Springer also stepped up its activities substantially, in order to participate in the fast-growing market for online advertising. In the segment of conventional online advertising, Axel Springer achieved this goal by increasing the in-house marketing of its online offerings and by founding the premium marketing entity First Media, which focuses on marketing the online offerings of the newspapers WELT, BERLINER MORGENPOST, and HAMBURGER ABENDBLATT. The company plans to further expand its marketing portfolio in 2008.

In July, Axel Springer successfully positioned itself in the market for performance-based marketing when it finalized the acquisition of a 60 % interest in ZANOX.de AG, including that company's wholly-owned subsidiary eprofessional GmbH. As a leading service provider for success-based online marketing, this company increased its revenue substantially in 2007, thereby further extending its strong market position. Internationalization is a key element of the growth strategy of zanox.de. To this end, the company established a presence in the Scandinavian market, in particular, and opened branches in the United States and Poland. As part of a planned corporate restructuring, the co-investor PubliGroupe AG will be granted first time full consolidated zanox's activities in France, Spain, Italy, and Asia in 2008.

Axel Springer also expanded its activities in the competence area of **classifieds and marketplaces** in 2007. The portal idealo.de extended its strong position as one of Germany's leading product and price search engines. The volume of products and services advertised on idealo.de rose 91 % over the previous year. By adding numerous new product categories, systematically expanding its network of retailers, stepping up its international activities, and conducting a successful ad campaign, this portal achieved significant gains in transactions generated.

Axel Springer's real estate portal immonet.de again improved its market position and achieved significant gains in its key performance indicators in 2007. The average number of users jumped 62 % over the previous year to more than 1.4 million users per month (unique audience as per Nielsen/NetRatings). The properties advertised on immonet.de increased 38 % over the previous year to more than 705,000 properties. By purchasing wohnfinder.de, the leading real estate portal in the German states of Saxony, Saxony-Anhalt, and Thuringia, in June of last year, immonet.de considerably expanded its presence in the markets of eastern Germany.

The online jobs portal stepstone.de also exhibited highly positive performance in 2007. The site traffic increased 42 % over the previous year to more than 3,9 million visits per month in 2007. Well over 600,000 registered users regularly log on to stepstone.de to obtain information on new job openings, representing an increase of 33 % over 2006. The number of job postings has risen by more than 70 % to the current number of 38,000. Also in 2007, StepStone successfully established an online job exchange for the industrial labor market in Germany, arbeiten.de. Moreover, StepStone acquired 100 % of the leading Austrian online job portal jobfinder.at in the first half of 2007.

In March 2007, Axel Springer and Arcandor founded an e-commerce joint venture in which Arcandor holds 74.9 % and Axel Springer 25.1 %.

The e-commerce platform myby.de was launched in October 2007. The goal is to build myby.de into a leading Internet electronics shop by offering permanently low prices and fast, reliable service as well as by taking advantage of the retail and media expertise of its two shareholders.

At the beginning of 2007, Axel Springer also increased its equity interest in the Internet media retailer buecher.de GmbH & Co. KG from 25.0 % to 33.3 %.

The non-brand-related online portals achieved significant increases in the key indicators of unique audience and visits.

Digital Media

2007 Offering (selection) in thousands	Unique audience 2007[1)]	Change year-on-year	Visits 2007[2)]	Change year-on-year
www.idealo.de	2,853	25 %	7,352[3)]	36 %[4)]
www.immonet.de	1,365	62 %	11,975[3)]	95 %
www.stepstone.de	926	20 %	3,878[3)]	42 %
www.hamburg.de	493	21 %	2,464[5)]	- 12 %
www.wallstreet-online.de	472	22 %	4,696	16 %

1) Source: Nielsen NetRatings, 2007 monthly average.
2) Source: IVW, 2007 monthly average.
3) Company data.
4) Increase over July - December 2006 as no comparable data exists for the period prior to July 2006.
5) IVW-audited as of November 2007; prior to that, company data.

TV and Radio Activities

Free TV: In early January 2007, Axel Springer purchased a 25.0 % interest in Doğan TV. The purchase price for the 25.0 % equity stake was € 375 million. Doğan TV is the largest TV and radio company in Turkey, conducting the greater part of the TV and radio business of Doğan Yayin Holding A.S.

On January 15, 2008, Axel Springer AG completed the announced sale of its ProSiebenSat.1 stock to Lavena Holding 5 GmbH, a company controlled by investment funds for which KKR and Permira serve as advisors. Axel Springer had indirectly owned 12 % of the common shares and 12 % of the preferred shares of ProSieben-Sat.1 Media AG. The total purchase price for these shares was € 509.4 million (equating to an average price of € 19.40 per share of common stock and preferred stock).

Axel Springer will not go through with the planned purchase of a minority interest in the Polish TV company Telewizja Polsat S.A. The parties reached a mutual agreement to this effect. A purchase contract had been signed in December 2006. The agreed purchase price for the 25.1 % equity interest was € 250 million.

Regional TV: Axel Springer holds investments in the local TV stations operating in the company's most important regional print markets of Hamburg und Berlin. In addition to Axel Springer's existing investment in Hamburg1 (27.0 %), the company also purchased a 27.4 % interest in the local Berlin broadcaster TVBerlin in 2007. In collaboration with the company's own regional newspapers, a wide range of new and joint TV projects have been initiated.

TV Production: As the company's central service provider for digital moving image content, which began operating in the first quarter of 2007, Axel Springer Digital TV GmbH designed and produced various moving image formats for the online portals of Axel Springer. SCHWARTZKOPFF TV, one of Germany's leading producers of entertainment and talk show formats, was again successful in 2007, producing such ratings hits as EIN HERZ FÜR KINDER, DIE GOLDENE KAMERA, DIE LUSTIGEN MUSIKANTEN, WILLKOMMEN BEI CARMEN NEBEL, and BRITT – DER TALK UM EINS.

Axel Springer boasts one of the largest portfolios of direct and indirect minority investments in **radio stations** in Germany. The Group holds investments in the radio stations Radio Hamburg, Radio FFN, Antenne Bayern, Radio NRW, Radio FFH, and Antenne 1. Through its radio holding company Regiocast, Axel Springer also holds investments in the radio stations Radio Schleswig-Holstein, Radio PSR, and RS2 in Berlin. These radio stations again generated substantial revenue increases in 2007.

Key Figures – Digital Media

in € millions

	2007	2006	Change year-on-year
External revenue	**152.3**	**24.0**	**534.6 %**
as % of Group revenue	5.9 %	1.0 %	
Advertising revenue	135.2	9.1	> 100,0 %
Other revenues	17.1	14.9	14.8 %
EBITA[1)]	**44.7**	**22.2**	**101.4 %**
EBITA margin	29.3 %	92.5 %	
EBITDA	47.2	22.8	107.0 %
EBITDA margin	31.0 %	95.0 %	
Employees	575	170	238.2 %

1) Investment income of € 37.8 Mio. in 2007 (PY: € 31.8 Mio.) included therein.

At € 152.3 million, the revenue of the Digital Media segment was € 128.3 million (+ 534.6 %) higher than last year's figure of € 24.0 million. At € 135.2 million, the advertising revenue was € 126.1 million higher than corresponding last year's figure. These gains were mainly due to the first-time consolidation of the newly acquired companies zanox.de, idealo.de, auFeminin.com, and Smarthouse, as well as to the increased volume of revenues generated by immonet.de. The other revenue of € 17.1 million (PY: € 14.9 million) consisted primarily of revenue from TV productions.

At € 44.7 million, the EBITA adjusted for non recurring items was € 22.5 million higher than last year's figure. The income from investments of € 37.8 million contained in this figure was € 6.0 million higher than the corresponding last year's figure. The substantially higher EBITA resulted mainly from the first-time full consolidation of the companies auFeminin.com, zanox.de, idealo.de and Doğan TV, which were acquired in 2006 and 2007, as well as the first-time consolidation of the company's investment in Smarthouse. Other factors contributing to the increased EBITA were the higher income from investments from StepStone and the radio station investment, and finally by the higher dividend of ProSiebenSat.1 Media AG.

PRINTING

Axel Springer operates three highly modern printing plants in Ahrensburg (near Hamburg), Berlin-Spandau and Essen-Kettwig, where its newspapers are printed. These facilities guarantee the highest degree of quality, flexibility and publishing independence. The technical capacities are geared to the company's own needs. In order to boost the capacity utilization and therefore the profitability of these plants, they also perform contract printing orders for other publishing houses.

Following the successful completion of the largest capital expenditure program in the company's history, Axel Springer's newspaper printing plants are among the most modern in Europe.

In the 2007 fiscal year, the paper throughput for the company's own titles was lower and the contract printing revenue was slightly lower than the respective figures from last year. In terms of paper throughput, the contract printing business increased 9 % and now accounts for nearly 27 % of the Printing segment's total business (PY: 24 %). Axel Springer succeeded in renewing a larger printing contract for several more years. The paper throughput of the newspaper printing plants was approximately 203,000 tons in 2007 (PY: 206,000 tons).

With the aim of securing the long-term success of their rotogravure printing operations in the intensely contested European illustration printing market, Axel Springer, Arvato, and Gruner + Jahr combined their five German rotogravure printing plants in the 2005 fiscal year. Moreover, a sixth printing plant was built in the United Kingdom. Axel Springer AG holds a 25.1 % equity interest in the joint venture PRINOVIS.

Key Figures – Printing

in € millions

	2007	2006	Change year-on-year
External revenue	**45.1**	**43.4**	**3.9 %**
as % of Group revenue	1.8 %	1.8 %	
Internal revenue	195.9	243.8	- 19.6 %
Segment revenue	241.0	287.2	- 16.1 %
EBITA	**- 3.2**	**6.0**	
EBITDA	23.3	33.2	- 29.8 %
Employees	1,186	1,262	- 6.0 %

At € 45.1 million, the external revenue of the printing plants in 2007 was slightly higher than corresponding last year's figure of € 43.4 million. Including the internal revenue of € 195.9 million (PY: € 243.8 million), the total segment revenue came to € 241.0 million (PY: € 287.2 million). The company's own printing plants are managed as cost centers. The EBITA from investments decreased from € 6.0 million in 2006 to € - 3.2 million in 2007.

LOGISTICS/SERVICES/HOLDING

The activities of the **Services & Real Estate** division were guided by the principal goal of "increasing customer satisfaction" in 2007. The key processes of the internal service departments were critically reviewed and optimized and the internal division organization was adjusted to meet the heightened demands of internal and external customers.

Thanks to the company's active rental efforts, coupled with the planned move of BILD/BILD am SONNTAG, the rental space in the Axel Springer Passage in Berlin was completely leased in 2007. The intention is to once again lease again the spaces that were freed up as a result of the move.

As a professional provider of customer care management services with offices in Berlin, Hamburg, and Warsaw, **asdirekt** offers high-quality, economical customer service programs to its clients. The main factors contributing to asdirekt's success include its comprehensive consulting services, in-depth knowledge and experience in sales, flexible software systems, and extensive training and continuing education programs for all employees. According to an independent survey of the regional and super-regional newspapers served by asdirekt, asdirekt received the top ranking for the full year. Also, asdirekt's hotline for DIE WELT was selected as the best of all publishing company hotlines in Germany. In yet another success, asdirekt came in second for the Quality Award, which is given out to the best service providers in Germany regardless of sector.

VVDG is an insurance broker offering national and international insurance of all type to its customers. The insurance industry was beset by the challenge of intense premium competition last year, especially for risks that have exhibited a low incidence of claims. Amid this market environment, VVDG was able to deliver lower premiums and improved terms for the majority of its customers. The revenue losses resulting from the lower premiums were offset by new business and by additional business with existing customers. VVDG generated positive results again in 2007.

The **Logistics Distribution** division is comprised of the company's logistical activities, its mail and package delivery business, market analysis activities, cooperation with retail partners, its holdings in wholesale press distribution companies and import companies in eastern Europe, the company's 55 %-subsidiary ims, and its wholly-owned subsidiary asv vertriebs gmbh.

The subsidiary ims Internationaler Medienservice GmbH & Co. KG is one of the largest service providers to large German and international customers in industry, business, and public-sector institutions for the procurement of newspapers, magazines, books, CD ROMs, online subscriptions, and many other media from Germany and abroad. Thus, this company combines the services of a bookstore, forwarding agent, and subscription service. It was created in the fourth quarter from the merger of the ims International Media Service department of asv Vertriebs GmbH and the Subscriptions department of PVG KG.

The decline of the press distribution network was largely offset by the nationwide distribution of press products at discount chain stores such as Penny (2005) and Lidl (2006/07).

In the press distribution market, Axel Springer successfully delivered a current selection of newspapers and magazines to all of ALDI Nord's approximately 2,500 stores last year, following a test run that lasted several months. The deliveries are being progressively expanded to include the entire store network by the end of March 2008. At that time, 9,100 of the 15,000 possible discount stores will be distributing Axel Springer's press products. By this means, the individual dealer network is being adapted to reflect the changing needs of customers. At the end of 2007, about 120,000 sales points in Germany offered newspapers and magazines for sale.

Key Figures - Logistics/Services/Holding

in € millions

	2007	2006	Change year-on-year
External revenues	**73.3**	**68.5**	**7.0 %**
as % of Group revenues	2.8 %	2.9 %	
Internal revenues	129.8	145.4	- 10.7 %
Segment revenues	203.1	213.9	- 5.0 %
EBITA	**- 31.7**	**- 19.5**	**- 62.6 %**
EBITDA	- 27.8	- 2.1	
Employees	1,506	1,567	- 3.9 %

At € 73.3 million, the external revenue was € 4.8 million (+ 7.0 %) higher than last year's figure of € 68.5 million, mainly due to the first-time consolidation of the new subsidiary ims. Exchange rate effects added € 0.5 million to the revenue figure. This was also the main reason for the € 12.2 million (- 62.6 %) decrease in the EBITA adjusted for non recurring effects, which fell to € - 31.7 million (PY: € - 19.5 million), mainly due to the fact that the income from the Kirch insolvency, at € 13.0 million, was lower than corresponding figure from last year (PY: € 33.6 million).

Liquidity and Cash Flows

Financial Management

The financing of the Axel Springer Group is provided centrally to ensure that all companies of the Group have adequate liquidity at all times. As a rule, Axel Springer AG provides all financing for the Group companies.

The overriding goal of financial management is to provide cost-effective liquidity by means of structurally appropriate financing. Liquid assets are invested with the aim of earning an appropriate return.

Net Debt/Liquidity

in € millions

	2007	2006
Cash and cash equivalents	198.1	588.7
Financial liabilities	941.1	111.3
Net debt/ liquidity	**- 743.0**	**477.4**

As of December 31, 2007, Axel Springer had a net debt of € - 743.0 million (PY: € 477.4 million). The cash and cash equivalents were € 390.6 million lower than corresponding last year's figure, while the financial liabilities of € 941.1 million were € 829.8 million higher than corresponding last year's figure. The liabilities due to banks amounted to € 940.9 million, as compared with € 110.6 million in 2006. This increase was caused by the heightened financing requirements for acquisitions. At the end of 2007, Axel Springer also had access to short-term and long-term credit facilities in the total amount of € 685.0 million (PY: € 1,525.0 million), which have not yet been utilized. The credit facility can be used for both general operating requirements and financing acquisitions.

Cash Flows and Capital Expenditures

Consolidated Cash Flow Statement (Condensed)

in € millions

	2007	2006
Cash flow from operating activities	283.1	253.5
Cash flow from investing activities	- 1,392.4	- 47.1
Cash flow from financing activities	747.1	- 202.5
Cash-effective change in cash and cash equivalents	**- 362.2**	**3.9**
Cash and cash equivalents as of December 31	198.1	588.7

The cash flow from operating activities increased from € 253.5 million in fiscal year 2006 to € 283.1 million in fiscal year 2007. This increase was mainly caused by the € 20.6 million decrease in receivables from the Kirch insolvency (PY: € 33.6 million increase in receivables).

The cash flow from investing activities amounted to € -1,392.4 million (PY: € - 47.1 million). As a result of the investments in affiliated companies effected in 2007, the capital expenditures rose to € 1,431.9 million (PY: € 70.0 million).

The investments in consolidated subsidiaries in the amount of € 926.7 million (PY: € 28.8 million) related primarily to the acquisition of stock in PIN Group AG (Logistics/Services/Holding), ZANOX.de AG, aufeminin.com S.A. (both Digital Media) and Jean Frey AG (Magazines). The investments in other non-current financial assets related mainly to the acquisition of shares in Doğan TV (Digital Media).

Axel Springer invested € 96.6 million on intangible assets and on property, plant and equipment, including investment property. This amount was € 58.8 million higher than corresponding last year's figure. A significant portion of the company's capital expenditures in 2007 related to the acquisition of TV programming guides and of the subscriber list of the business magazine Cash by Axel Springer Schweiz AG (formerly: Jean Frey AG). The other capital expenditures related to the Ahrensburg offset printing plant, as well as office and computer equipment.

The cash flow from financing activities amounted to € 747.1 million, representing an increase of € 949.6 million over last year's figure. The cash receipts from the utilization of the credit facility for the proportional financing of acquisitions exceeded the payments of the dividend for the 2006 fiscal year and for the debt principal repayments effected in the meantime.

The net balance of cash flows from operating, investing, and financing activities came to € - 362.2 million. After segregating the cash and cash equivalents attributable to discontinued operations, the net cash and cash equivalents (including marketable securities carried as current assets) as of December 31, 2007 amounted to € 198.1 million.

The Axel Springer Group does not engage in off-balance sheet financing activities.

Balance Sheet

Consolidated Balance Sheet (Condensed)

in € millions

	12/31/2007	12/31/2006
Non current assets	2,247.0	2,072.6
Current assets	1,580.0	1,051.4
Assets	**3,827.0**	**3,124.0**
Equity	1,211.8	1,795.1
Non current liabilities	1,509.7	651.7
Current liabilities	1,105.5	677.2
Equity and liabilities	**3,827.0**	**3,124.0**

The € 703.0 million (+ 22.5 %) increase in the consolidated balance sheet total, to € 3,827.0 million as of December 31, 2007, was mainly caused by the acquisitions effected in 2007 and the related expansion of the business volumes.

The separate presentation of the discontinued operations of PIN Group AG, the held-for-sale assets and liabilities of Sat.1 Beteiligungs GmbH, including the shares in ProSiebenSat.1 Media GmbH, and the activities of ZANOX.de AG to be spun off resulted in a disproportionately high increase in the current tied-up assets and liabilities.

At € 2,247.0 million, the non current assets were € 174.4 million (+ 8.4 %) higher than corresponding last year's figure. The intangible assets were € 514.3 million (+ 270.1 %) higher than last year's figure, at € 704.7 million, due primarily to the recognition of goodwill in connection with the initial consolidations of AuFeminin.com S.A., ZANOX.de AG, and Jean Frey AG.

At € 697.9 million, the non current financial assets were € 317.4 million (- 31.3 %) lower than corresponding figure from last year. The reduction in this line item caused by the reclassification of SAT.1 Beteiligungs-GmbH as held-for-sale was only partially offset by the increase in the amount of shares in associated companies accounted for by the equity method resulting from the acquisition of a 25 % stake in Doğan TV.

At € 1,580.0 million, the current assets were € 528.6 million (+ 50.3 %) higher than corresponding last year's figure, primarily due to the classification of assets as held-for-sale in the amount of € 830.7 million. A countervailing effect was represented by the € 390.6 million reduction in cash and cash equivalents.

At € 1,211.8 million, the company's equity was € 583.3 million (- 32.5 %) lower than corresponding last year's figure. The equity ratio narrowed to 31.7 % (PY: 57.5 %). Aside from the consolidated net loss for 2007, the other main factors contributing to the decrease in equity were the negative change in the fair value of the shares in ProSiebenSat.1 Media AG, which was recognized directly in equity, and the payment of the company dividend for the 2006 fiscal year.

At € 1,509.7 million, the non-current provisions and liabilities were € 858.0 million (+ 131.7 %) higher than corresponding last year's figure. Long-term loans were taken out to finance the company's acquisitions, leading to a € 828.7 million increase in financial liabilities.

At € 1,105.4 million, the current provisions and liabilities were € 428.2 million (+ 63.2 %) higher than corresponding last year's figure. The liabilities related to the held-for-sale assets accounted for € 258.5 million of the total increase. At € 234.5 million, the trade payables were € 48.7 million higher than last year's figure. The increase in the financial liabilities resulted from the company's liabilities for payment of the purchase prices under the stock options and earn-out agreements concluded in connection with the company's acquisitions.

The other financial obligations amounted to € 292.9 million (PY: € 400.3 million). Of this total amount, € 37.1 million related to firm orders for intangible assets, property, plant, and equipment, and inventories, € 78.6 million to the future payment obligations under rental and lease agreements, and € 177.2 million to long-term purchase obligations under paper procurement contracts.

Proposed Utilization of the Unappropriated Net Profit

Dividend Increase Proposed

The separate financial statements of Axel Springer AG, which are prepared in accordance with the principles of German commercial law and the German laws applicable to stock corporations, showed a fiscal year net income of € 147.8 million (PY: € 245.9 million).

The difference between the fiscal year net income of the parent company Axel Springer AG and the consolidated net income of the Axel Springer resulted mainly from the factors described below.

In connection with a restructuring program in France, it was necessary to reverse the impairment losses in the carrying amounts of some investments, due to the improved earnings situation, and the impairment losses recognized in certain loan receivables, for a total amount of € 46.2 million.

In December 2007, Axel Springer AG sold its shares in Sat.1 Beteiligungs GmbH for a profit of approximately € 470 million in the financial statements of Axel Springer AG according to the commercial-law. This profit will be recognized in the 2008 consolidated financial statements of the Axel Springer Group due to the fact that the shares of ProSiebenSat.1 Media AG held by Sat.1 Beteiligungs GmbH were sold to Lavena Holding 5 GmbH, Munich, with effect on January 15, 2008.

In view of the record operating earnings from continuing operations and the sound financial position after the sale of the shares in Sat.1 Beteiligungs GmbH, the Management Board and Supervisory Board will propose raising the company's dividend to the record level of € 4.00 per qualifying share (PY: € 3.50). From the unappropriated net profit of Axel Springer AG in the amount of € 131,920,000, an amount of € 122,400,000 will be used to distribute a dividend for fiscal year 2007 and the remaining amount of € 9,520,000 will be appropriated to the other retained earnings reserves. The treasury shares held by Axel Springer AG do not qualify for dividends. For more information, please refer to Note 52 in the Notes to the Financial statements.

Balance Sheet of Axel Springer AG (Condensed)

in € millions	12/31/2007	12/31/2006
Intangible assets	30.2	25.8
Property, plant, and equipment	265.7	299.5
Non current financial assets	1,164.3	604.5
Non current assets	**1,460.2**	**929.8**
Inventories	29.9	33.4
Receivables and other assets, prepaid expenses	966.5	351.1
Treasury stock and securities	153.7	289.2
Cash and cash equivalents	111.1	438.2
Current assets	**1,261.2**	**1,111.9**
Total assets	**2,721.4**	**2,041.7**
Equity	839.1	854.0
Provisions	507.0	573.4
Liabilities and deferred income	1,375.3	614.3
Total equity and liabilities	**2,721.4**	**2,041.7**

Income Statement of Axel Springer AG (Condensed)

in € millions	12/31/2007	12/31/2006
Revenue	**1,669.1**	**1,710.1**
Other operating income	684.8	190.4
Other internal costs capitalized	3.5	2.8
Purchased goods and services	- 512.6	- 520.9
Gross profit	**1,844.8**	**1,382.4**
Personnel expenses	- 455.6	- 553.3
Depreciation, amortization, and impairments	- 54.3	- 62.2
Other operating expenses	- 596.5	- 504.7
Net income from investments/expenses	- 514.0	61.1
Net financial income/expenses	- 8.6	6.5
Income from ordinary activities	**215.8**	**329.8**
Taxes	- 68.0	- 83.9
Fiscal year net income	**147.8**	**245.9**
Appropriation to other retained earnings reserves	- 15.9	- 122.9
Unappropriated net profit	**131.9**	**123.0**

Employees

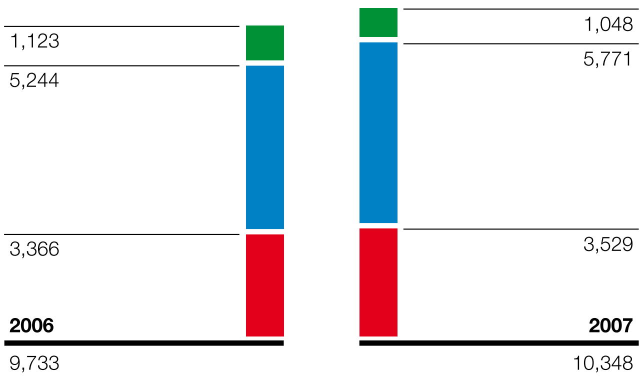
Creative, skilled, and dedicated employees are an essential prerequisite for success in business. For this reason, training and continuing education have always been understood at Axel Springer to represent an indispensable investment in the future success of our company.

Axel Springer had an average of 10,348 employees (excluding apprentices and journalism students/interns) in 2007. Including the PIN Group, the average number of employees was 12,944 (PY: 9,733 employees). This increase was mainly due to the acquisition of the PIN Group, as well as other investments and new start-ups in the area of electronic media. The additional employees associated with these new activities offset the job reductions in the company's administrative and service departments.

Employee Structure [1]

Editorial Staff | Salaried Staff | Hourly Wage Earners

[1] Employees from Continuing Operations



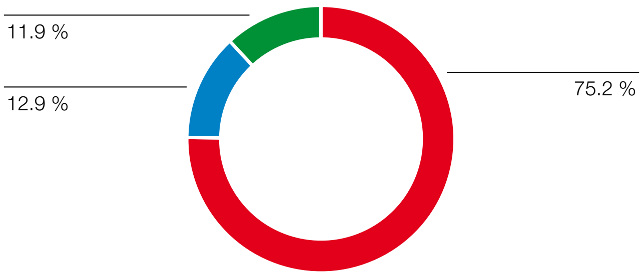
Of the company's total workforce, 7,783 employees worked in the market-oriented areas (publishing houses, electronic media and marketing), 1,335 employees in the service departments, and 1,230 in technical areas. Due mainly to the publishing activities of Jean Frey in Switzerland, and of other companies in Russia and Spain, the total number of editors working at the Axel Springer Group increased by 163 to 3,529. The total number of 6,819 salaried employees and hourly workers represented an increase of 452 over corresponding last year's figure.

The average years of service with the company in 2007 was 12.5 and 48.1 % of Axel Springer's employees had been with the company for over ten years. On average, disabled employees represented 4.61 % of the Group's total work force in 2007 (Axel Springer AG: 5.19 %). Thus, the relevant requirements of the Severely Handicapped Persons Act were mainly fulfilled in the 2007 fiscal year.

Employees by Departments [1]

Markets | Services | Printing

[1] Employees from Continuing Operations



Targeted Career Development: Training and Continuing Education

The education initiative initiated in 2007 revolved around the strategic business goals of "digitization and customer orientation." Highlights of the company's training and continuing education program included training for key qualifications, foreign language courses, and extensive training in the subject of communication. As it does every year, Axel Springer systematically evaluated and refined its training program last year, in order to meet future business demands and the needs of its own employees. In the 2007 fiscal year, the company devoted particular attention to media-convergent journalism and cross-media marketing. Among other measures, employees were treated to a series of lectures on the possibilities, opportunities, and activities related to digitization. The demand for sector-specific training activities, to help employees keep pace with and actively shape the various change processes affecting the company's business, has grown significantly. As an integral element of Axel

Springer's personnel policy, the employee wellness program was further expanded. The main point of emphasis in 2007 was on the topic of skin cancer screening.

Recruiting and Promoting Key Talents

In 2007, Axel Springer systematically increased its efforts in the area of university graduate marketing. The company participated in job fairs and other events at prestigious universities. Also, numerous student groups visited the company to gather information about careers with Axel Springer AG. In 2007, the geva Institut picked Axel Springer as the top employer for the year. The company's long-established, continuously improved internship program is an excellent way for students to begin their careers in journalism. Axel Springer selects the best interns to continue with the company as apprentices. The company's apprentice program provides basic highly significant training in professional skills and methods, as well as training activities designed to enhance their interpersonal communication and networking skills, especially in the journalism-related areas. During their studies, the company's former apprentices can qualify for stipends to prepare them for new professional challenges with Axel Springer. Talented young salespeople receive systematic training in the company's Sales Academy, also to prepare them for the cross-media markets.

Promoting Key Talents: Career Development for Experts and Managers

Axel Springer systematically pursued its efforts to promote the career development of its experts and managers in 2007, as a key aspect of its personnel development activities. Axel Springer provides a number of training activities to its experienced managers, tailored specifically to their personal and career development needs. Such activities include external and internal seminars, lecture events, and a coaching program, as well as management networking groups based on the example of the company's young talent development networks. The company provides concrete assistance to young managers through its mentoring program.

Equal Opportunity: Successfully Combining Family Life with Career Demands

The Equal Opportunity Working Group (Arbeitskreis Chancengleichheit, AKC) pursues the goal of helping all employees develop their full personal and professional potential. To this end, Axel Springer AG provides emergency child care and elderly care services. Starting in 2008, Axel Springer AG will operate a day care center close to the company's work sites in Berlin. Employees on parental leave can participate in continuing education activities to keep them up-to-date and prepare them for re-entering the work force when the time comes. Under the auspices of the AKC, Axel Springer participated in the nationwide "Girls' Day" for the fifth year in a row. This program is designed to introduce young girls to media careers and let them experience the day-to-day work of their parents.

Creating Incentives: Electronic Idea Management

Under its idea management program, the company offers incentives to employees, in the form of prizes, to develop their ideas for promoting cost efficiency, work safety, environmental protection, and technological advances. To further speed the process, the suggestions are processed on the company's intranet.

Mitigating Social Impacts: Part-time Early Retirement Offers Are Still Being Accepted

The provisions of the collective bargaining agreement on job protection in the event of corporate rationalization measures that relate to the part-time early retirement programs are an invaluable tool for mitigating the social impacts of the company's restructuring measures. As part of these measures, the company provides partial compensation of the pension reduction of those employees who opt for early retirement.

Securing the Future: Vario Rente – The Supplemental Company Pension Plan

The employees of Axel Springer AG, Ullstein GmbH, and (as of July 1, 2007) Axel Springer Medien Accounting Service GmbH are eligible to participate in the supplemental pension plan known as the "Vario Rente", a forward-looking, deferred compensation plan to which employees contribute a portion of their untaxed income. By this means, Axel Springer means to facilitate the transition from the pay-as-you-go pension system to a fully-funded pension system, as an inevitable consequence of the prevailing demographic changes. This pension plan gives employees the chance to accumulate capital for their retirement on a tax-free basis.

Sustainability Report

Axel Springer maintains an active sustainability management program. Integral elements of this program include regular eco-audits of the Group's printing plants and a transparent reporting system. In 2007, Axel Springer continued to demonstrate its commitment to strict environmental management and high social standards.

Sustainability Report According to GRI Guidelines

Axel Springer AG is the world's only media company to publish a biannual sustainability report that fulfills all standards of the Global Reporting Initiative (GRI), known as the "in-accordance" criteria. In the critical comparison of the sustainability reports of 150 German companies conducted by the Institute for Ecological Economy Research (IÖW), Axel Springer AG achieved the second-place ranking in the category of environmental protection in 2007. In the still small group of companies that publish their sustainability reports exclusively on the Internet, Axel Springer AG received first place. In the rankings conducted over the last ten years, Axel Springer AG's biannual sustainability report has been featured among the top-ten finishers for a total of five times.

Transparency in the Supply Chain

Axel Springer selects its paper suppliers according to the criteria of product quality, reliability of supply, and appropriate prices. In 2007, the company pressed forward with its efforts to optimize the social and ecological standards of companies in all stages of the wood and paper supply chain. Clauses to this effect are included in the company's contracts with its suppliers and the company verifies compliance with these clauses through on-site inspections. About half the printing paper used by Axel Springer contains recycled paper. In 2007, Axel Springer purchased approximately 525 tons of printing paper from 43 papermaking factories in 14 countries of the world.

International Social Policy

In view of the Group's growing international presence, Axel Springer AG has developed a code of social standards. These standards define the company's position on matters of human rights, legal enforceability, protection of children and youths, the treatment of employees, healthy and safety, and the compatibility of work and family. These standards are binding on all company's operations throughout the world. In 2007, the company engaged in informational visits to forestry enterprises in Russia and suppliers of advertising and marketing aids in China, for example.

Participation in the Carbon Disclosure Project (CDP)

Again in 2007, Axel Springer supplied data about its own greenhouse case emissions (CO_2 equivalents) to be used in the German report of the Carbon Disclosure Project (CDP). Sponsored by international investors, the CDP is the world's largest organization devoted to measuring the economic impacts of climate change.

Cooperation with the environmental protection organizations BUND, Greenpeace and WWF

In order to raise public awareness of the problems associated with climate change, BILD entered into a widely acclaimed cooperation with the Environmental Protection Organizations BUND, Greenpeace, and WWF in 2007, with the support of the company's Sustainability Department. As part of this cooperation, the company provides background information about climate change, possible solutions, and tips for personal behavior, under the slogan "Save our Earth."

Risk and Opportunities Report

The fundamental risk policy principles of the Axel Springer Group dictate that the Group is willing to assume risks only when by doing so it can take advantage of additional income opportunities and increase the value of the company. Appropriate measures are taken to reduce every risk to an acceptable level or transfer it to third parties, if economically feasible. Axel Springer's risk policy principles are the subject of a corporate directive that applies to all entities of the Group.

Risks are monitored and managed with the aid of various interlocking systems, as described below.
As part of the overall management process, general market and revenue risks are identified and tracked in connection with the monitoring of revenue, quantities and costs in the budget and forecast process as well as the internal reporting system. Risks related to capital expenditures, projects, and acquisitions are identified and evaluated in advance of such transactions as part of the pre-investment analysis. Thereafter, such risks are tracked in the reporting system.

In addition, Axel Springer has implemented a risk management program that covers all other risks, in accordance with Section 91 (2) of the German Stock Corporation Act (AktG).

The overall responsibility for risk management lies with the Management Board. The respective divisions or Group companies are responsible for the operating processes of early detection, assessment, management, and documentation of risks, the adoption and execution of suitable countermeasures, and the communication of such measures. A central risk manager coordinates all risk management activities, aggregates the risks on the Group level, appraises the plausibility, and completeness of the reported risks, and assumes responsibility for the continuous further development of the risk management system. In addition, the Internal Audit Department and the independent auditor (in the context of annual audits) serve as independent control instances, to ensure the completeness and adequacy of the risk management system.

A comprehensive survey of risks is conducted once a year, at which time the risk inventory is updated. Those risks determined to be critical, significant, or worthy of monitoring, as well as the countermeasures that have been taken in regard to these risks, are reviewed during the year and reassessed in light of the current risk situation as part of an ad hoc risk survey.

To evaluate the potential of critical risks, Axel Springer AG and the individual subsidiaries apply the "net loss" criterion and evaluate the possible impact on the balance sheet and liquidity of the Group.

Risks are classified as significant, worthy of monitoring, and miscellaneous on the basis of the "net expected loss," for the calculation of which the effect of risk-mitigating countermeasures on the potential loss and the risk-relevant historical data are taken into account.

The following risks could have a critical or significant effect on the net assets, income, and liquidity situation of the Group.

Terrorism Risks
The only risks that would endanger the continued existence of the Axel Springer Group as a business enterprise consist in the possibility that the company's main headquarters' buildings, or printing plants would be destroyed via terrorist attacks. To account for this risk, the Group took out appropriate insurance in 2004. Nonetheless, there remains a residual risk that, in the most extreme case, could threaten the continued existence of the Group.

To improve the security situation of the publishing house headquarters and printing plants, appropriate steps were taken in the form of access controls, video surveillance, contingency plans, and other measures.

Market Risks and Competition Risks
In the wake of the economic upswing observed in Germany in 2007, the leading economic research institutes now predict that the growth impetus will weaken somewhat in 2008. Admittedly, the prospects for consumer spending, which is crucial to the company's business success, are still positive in 2008. In all probability, however, the increased level of consumer spending will not have a significant positive impact on the market situation of Axel Springer AG. Therefore, a restrained development of the press distribution market and advertising market must be expected. With regard to the highly important classified ads business, only job ads can be expected to

increase slightly as a result of the projected positive development of the job market. Furthermore, the general market situation will still be characterized by intense competition pressures.

As new, competing titles and formats enter the market, particularly in the form of free-of-charge newspapers and magazines, the Group is increasingly exposed to the risk of revenue and market share losses in its advertising and circulation business. This risk is further aggravated by changing consumption and reading habits, due in particular to demographic shifts. Furthermore, the increased competition posed to the traditional print media by other types of media represents an element of uncertainty. The increasingly widespread use of the internet could possibly entail a further transformation of customer preferences, leading to additional structural shifts within the advertising market. Such a development could result in lower revenue for newspapers and magazines.

Another risk related to these trends is the considerable percentage of the Groupwide revenue contributed by the BILD family of newspapers and brands. Overall, the paid circulation of BILD has declined in the last few years. Furthermore, a good number of the revenue-producing newspaper and magazine titles of Axel Springer AG are supported by the strong recognition and brand familiarity of the BILD family. It cannot be ruled out that the success of the BILD titles could be negatively affected by external factors, which would entail adverse effects on the net assets, financial condition, and earnings performance of the Axel Springer Group.

As general market risks, these risks are monitored and managed primarily as part of the operational management process.

To counter these market risks, Axel Springer AG continues to pursue a strategy of extending its market leadership position in the core business of German-language print media and pressing forward with a strategy of internationalization and digitization.

In this regard, Axel Springer places a high priority on expanding its existing activities in Germany in a targeted manner, adapting its business to suit changing customer demands, and developing innovative new activities. Furthermore, the company engages continually in various price incentives and/or product campaigns, to assure that its products remain attractive for existing customers and new customers as well. Such measures include, for example, sales promoting give-aways and special inserts offered at an extra cost, such as CD-ROMs, audio books, DVDs, etc.

To further reduce the market risks, Axel Springer continues to pursue its strategies of internationalization and digitization by way of numerous promising acquisitions and investments. For more information on this subject, please refer to the comments on the Magazines segment on page 30.

Furthermore, Axel Springer is responding to the changes in the media world by making significant investments in acquisitions and business start-ups and by expanding its existing web portals. For more information on this subject, please refer to the comments on the Newspapers, Magazines, and Digital Media segments on page 27 ff.

Political and Legal Risks

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

Risks Related to the Implementation of the International Social Policy

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

Strategic and Other Risks

Strategic risks emanate primarily from the possibility that the Group would invest in concepts and companies that prove to be unsuccessful in the long term, leading to adverse financial and intangible consequences for the Group.

Equity investment risks are particularly prominent in this regard. As a matter of possibility, the revenue and earnings of the recently acquired companies, such as ZANOX.de AG and auFeminin.com, for example, could be worse than planned, entailing the necessity of recognizing impairment losses in these investments.

Furthermore, risks can arise in connection with ongoing legal disputes. To account for such risks, the company recognizes provisions for litigation risks.

Also, the loss of major customers could likewise have an adverse impact on the success of the Group's business activities. Various customer loyalty reinforcement measures are conducted, among other measures, as a means of avoiding this risk.

Additionally, breaches of confidentiality agreements or insider trading regulations could possibly entail economic and legal consequences and/or damage the reputation of the Group or its properties.

As a means of minimizing these risks, Axel Springer has instituted inspection mechanisms and coordination rules, among other measures.

Financial Risks

The financial risks that are relevant to the Axel Springer Group include in particular the interest rate risks inherent in variable interest rate financial liabilities and the company's investments in fixed-income securities, as well as the currency risks associated with the circulation revenue generated in foreign markets. To limit its exposure to interest rate risks, the Group adheres to principles that serve to ensure compliance with loss limits on its investments. Such risks are also hedged by employing various kinds of interest rate derivatives.

To secure the Group's liquidity, Axel Springer entered into a long-term committed syndicated euro loan for € 1.5 billion in 2006.

The Axel Springer Group is not currently exposed to liquidity risks such as price risks, default risks, and risks associated with income stream fluctuations.

Assessment of Opportunities

If the economy would perform better than currently predicted by the economic research institutions, this would have a positive impact on the circulation and advertising revenue of the Axel Springer Group. Opportunities could result from the successful internationalization of the Group's business to foreign markets that exhibit higher economic growth rates than the German market. Furthermore, attractive opportunities can result from the strategy of digitization, which the Group continues to pursue with firm resolve, and from the Group's promising equity investments and cooperation ventures. Such steps include the company's numerous investments in acquisitions and business start-ups and the expansion of existing web portals. Among other measures, Axel Springer conducted a successful relaunch of the news portal WELT ONLINE, bolstered the market position of idealo.de, and further expanded the Electronic Program Guide activities. Furthermore, the company has ventured into the area of moving image content for the internet, through its subsidiary Axel Springer Digital TV. Also, WELT KOMPAKT was the first daily newspaper to combine print and online offerings via the innovative 2D code. This accomplishment underscores the Group's ambition of becoming one of Europe's leading multimedia groups, with an integrated offering of print, online and TV products. The 2D code, which can be read into the user's cellular telephone, connects the user to the website indicated in the code, which provides additional background information on the various articles. Also, the prepaid cellular telephone offering BILDmobil, which enables users to visit the BILDmobil portals free of charge, has likewise been very successful. Some of the company's most promising cooperative ventures include the cooperation between TV DIGITAL and SevenOne Intermedia, the multimedia company of the ProSiebenSat.1 Group, the goal of which is to improve the marketing of TV DIGITAL. Another such cooperation venture is the e-commerce platform myby.de, which has been launched in cooperation with Arcandor.

Other opportunities that could lead to the generation of additional circulation and advertising revenue in 2008, especially in sports-related media, include the European Soccer Championship and the Olympics.

Overall Risk Assessment

With the exception of terrorism risks, the probability of which is extremely low, there are no discernible risks that could threaten the continued existence of the Group. Moreover, there are, at present, no discernible risk concentrations, or interdependencies that would have a significant influence on the net assets, financial condition, and earnings of the Group. To this extent, the risk assessment of the Axel Springer Group has not changed significantly from the previous year.

Events after the Balance Sheet Date

The sale of Axel Springer AG's shares in SAT.1 Beteiligungs GmbH, Munich, including the ProSiebenSat.1 shares that are held indirectly via this company, was finalized on January 15, 2008. The sale will create a profit of € 515.3 million in the consolidated financial statements for the 2008 fiscal year.

On November 30, 2007, Axel Springer AG entered into a limited partnership interest and share purchase agreement with Deutsche Telekom AG regarding the acquisition of 37 % interest in Bild.T-Online.de AG & Co. KG (the name of which has since been changed to BILD digital GmbH & Co. KG) that had formerly been held by Deutsche Telekom AG and the company Bild.T-Online.de Verwaltungs AG (the name of which has since been changed to BILD digital Verwaltungs GmbH). Due to various conditions precedent, the agreement was finalized on January 3, 2008. The purchase price was € 55.0 million.

The company, which is now completely owned by the Axel Springer Group, was renamed BILD digital GmbH & Co. KG. Effectively immediately, the largest German news and entertainment portal, can be accessed on the Internet under the name Bild.de. This acquisition enabled Axel Springer to take whatever steps it deems fit, under its sole responsibility, to shape the strategy of the core brand BILD on the Internet. The Group has already taken some preliminary steps, including the successful relaunch of Bild.de and other portals of the BILD brand family, to reinforce the market positions of the online offerings substantially. Now that all the newspapers, magazines, and online offerings of the BILD brand family have been bundled within a single Management Board division, it will be possible to coordinate the brand's cross-media growth more effectively. Depending on the market situation and the legal requirements of competition law, Axel Springer will contemplate further acquisitions of publishers, titles, and licenses, as well as cooperation ventures with competitors.

After it proved impossible to effect a strategic increase in the Group's shareholding in ProSiebenSat.1, Axel Springer AG sold its 12.0 % share of the common stock and its 12.0 % share of the preferred stock of ProSiebenSat.1 Media AG to Lavena Holding 5 GmbH, a company controlled by investment funds for which KKR and Permira serve as advisors, on January 15, 2008. The total purchase price for all of these shares amounted to € 509.4 million (representing an average price of € 19.40 per share of common stock and preferred stock).

The share purchase agreement for the acquisition of a 25.1 % stake in Telewizja Polsat S.A., Warsaw/Poland, which had been concluded by a subsidiary of Axel Springer AG subject to various conditions precedent, was rejected by the Polish Cartel Office on formal grounds. In 2007, the parties agreed not to further pursue the acquisition of a minority interest in that company. Thereupon, the parties terminated the share purchase agreement by virtue of an agreement dated February 7, 2008.

Axel Springer AG holds 63.7 % of the shares in PIN Group AG. As the parent company of the PIN sub-group, PIN Group AG, Luxembourg, filed an application for insolvency proceedings on January 25, 2008. Applications for insolvency proceedings were likewise filed for another 37 subsidiaries. The provisional insolvency administrator for the PIN Group AG was appointed on February 15, 2008.

Prinovis Ltd. & Co. KG, Nuremberg, plans to close its printing plant in Darmstadt effective at the end of 2008. Axel Springer AG holds 25.1 % of the equity in this joint venture.

Outlook

General Economic Environment

At the beginning of 2008, the economic forecast indicator used by the Center for European Economic Research (ZEW) pointed to a critical economic situation that would likely not improve until the middle of 2008. According to the current forecast of the economic research institutes, the economic upswing in Germany will continue at a slower tempo in 2008. The German Institute for Economic Research (DIW) is forecasting real economic growth of 2.1 %. The global economy will lose some impetus in 2008, with the result that export growth will decline slightly to a rate of 7.7 %. Following the powerful expansion in 2008, investment spending will increase at a slower real rate of 4.8 % in 2008. Overall, DIW anticipates that the growth forces will shift in the direction of domestic demand. Consumer spending, which is expected to increase at a real rate of 2.1 %, will assume a more important role as the growth engine of the German economy in 2008. However, this increase must be seen in the context of the weak of the previous development. Disposable incomes will increase at a rate of 2.7 % in 2008. The inflation rate will slow to 1.8 % in 2008, as the increase in the value-added tax will no longer play a role and energy prices will likely not rise at the same rate as in 2007, according to DIW. The situation of the jobs market will continue to improve in 2008. According to the DIW forecast, unemployment should fall to 3.55 million people. In view of the further increase in the number of people working, the savings rate is expected to decline considerably to 10.0 %.

For those countries in which Axel Springer AG conducts its own business activities, the leading economic research institutes predicted slightly slower real growth rates, for the most part, in their report for the fall of 2008. Thus, the growth rate of the Polish economy will slow to 5.2 %. With a forecast growth rate of 3.4 %, Hungary will continue in 2008 to lag behind the average performance of the recently acceded European Union countries. In Switzerland, economic growth is also expected to be weaker, with a growth rate of 2.5 % in 2008. Due to a smaller increase in consumer spending, the Spanish economy is expected to expand at the much lower rate of 2.5 % in 2007. Again in 2008, France will be one of the EU countries with the slowest economic growth, with a predicted growth rate of 1.8 %. Despite brisk consumer demand, the Russian economy will grow at a somewhat lower rate of 7.0 %, compared with 2007. The growth rate of the Czech economy will slow to 4.9 %.

In consideration of the subprime crisis in the United States and the related effects of that crisis on the financial industry and the capital markets, these forecasts are to be regarded as being more uncertain than in earlier years.

Industry Environment

For 2008, the German Advertising Association ZAW is predicting an increase of about 1 % in net advertising expenditures. This figure includes not only the traditional media, but also other advertising media such as direct and online advertising. According to the “Advertising Expenditure Forecast“ by ZenithOptimedia, the net advertising expenditures for newspapers can be expected to increase at a rate of 1.0 % and those of magazines at a rate of 1.1 % in 2008. The continued positive trend of online advertising plays an important role in the estimated total growth of advertising expenditures. With regard to traditional online advertising, ZenithOptimedia anticipates that the net advertising expenditures in 2008 will increase at a rate of about 32 % over the previous year.

The currently positive state of the German economy provides the main stimulus for the anticipated growth in advertising expenditures. However, the growth rate of the German economy is expected to be somewhat slower in 2008 than in 2007. The expected increase in consumer household spending will likely have a positive effect on the trend of advertising expenditures. Additional factors providing a boost to the advertising industry will include the introduction of top-selling car models, in the sector of automobile advertising, and innovations related to the issue of climate change. Furthermore, companies in the sectors of IT and telecommunications as well as the discount store chains can be expected to increase their advertising expenditures. In view of the fact that advertisers are increasingly making their budget decisions on shorter notice, in response to the constantly changing external market conditions, such as new discount models for TV marketers, for example, full-year forecasts are difficult. Due to the steady economic growth and the scarcity of skilled workers, the volume of job ad placements can be expected to increase further in 2008. Also, sports-centered media, especially television, is expected to benefit from the upcoming premiere sports events, the European Soccer Championship and the Olympics.

According to the forecasts of ZenithOptimedia, the net advertising expenditures in the newspapers and magazines of the various international markets are expected to exhibit the following trends: In Poland, the advertising revenue of newspapers is expected to increase by 7.0 %, that of magazines by 3.5 %. In Hungary, the corresponding growth rates are 3.4 % for newspapers and 2.7 % for magazines. In Switzerland, the net advertising revenue of newspapers is expected to grow at a rate of 8.0 %, while the corresponding growth rate for magazines is expected to be 2.9 %. In Spain, the growth rate of newspaper advertising revenue is predicted to be 3.5 % and that of magazines 1.0 %. In France, newspaper revenue is expected to increase by 1.2 %, magazine revenue by 0.9 % over the respective figures for 2007. In Russia, the net advertising revenue of the print media is expected to increase by 23.3 % over the course of 2008. In the Czech Republic, the growth rate of newspaper advertising revenue is expected to be 5.4 %, that of magazine advertising revenue 10.0 %.

For the online net advertising revenue of western Europe, ZenithOptimedia predicts an overall growth rate of 27.7 % in 2007, bringing the total market to US$ 10.75 billion, assuming constant exchange rates. In France, the online net advertising revenue is expected to rise to an overall volume of € 724 million in 2008, representing a 35.0 % increase over corresponding figure from last year. In Switzerland, the online net advertising revenue is expected to rise to CHF 118 million in 2008, representing an increase of 49.4 % over the previous year. The online net advertising revenue in the Czech Republic is expected to rise 12.8 % in 2008 to US$ 117 million.

Outlook for the Group

Moving forward, Axel Springer will continue to pursue its strategy of market leadership in the core business of German-language publications, as well as internationalization and digitization. In 2008, the company will focus in particular on further developing its recent acquisitions.

For 2008 and 2009, the Management Board anticipates that the total revenue generated in each of these years will be slightly higher than the previous year's figures. In particular, the company believes that the total advertising revenue can be increased, due to the stronger growth of online advertising vehicles. With respect to circulation revenue, the Management Board expects that they will hold steady at the level of 2007.

The Management Board anticipates that the EBITA and EBITDA for 2008 will be higher than the respective figures for 2007, adjusted for the payments from the Kirch insolvency and the dividend from the investment in ProSiebenSat.1 Media AG, which has since been sold. For 2009, the Management Board anticipates that the EBITDA will again be higher than the corresponding figure from last year.

Outlook for the Segments

For the Newspapers segment, the Management Board anticipates a slight increase in revenue. The EBITDA will be about the same as or slightly higher than the high EBITDA for 2007.

For the Magazines segment, the Management Board anticipates a slight increase in revenue. The EBITDA for 2008 is expected to reach or to be slightly higher than the high level of the previous year.

For the Digital Media segment, the Management Board anticipates a slight increase in revenue on the strength of organic growth and due to acquisition effects. The EBITDA is expected to be substantially higher than the corresponding figure from last year, adjusted for the dividend of ProSiebenSat.1 Media AG.

For the Printing segment, the Management Board expects the revenue to hold steady and the EBITDA to reach the level of the previous year.

For the Services/Holding segment, the Management Board anticipates that the revenue will be on the level of the previous year. Due to the non recurrence of the effects of the Kirch insolvency, the EBITDA is expected to be lower than the EBITDA for 2007.

Dividend Policy
Axel Springer strives to maintain continuity in its dividend policy, subject to the company's business development and earnings performance, in order to further strengthen the capital base and finance future growth.

The forecasts and other statements contained in this Management Report are based on the assumptions and expectations concerning the future development of the Group and its business segments. The actual developments could possibly differ from the assumptions and expectations of the company, due in particular to changes in the market environment, the overall economy, or the publishing industry, among other factors.

Disclosures Pursuant to Sections 289 (4), 315 (4) HGB and Explanatory Report Pursuant to Section 120 (3) (2) AktG

Composition of Subscribed Capital
After the cancelling of treasury shares representing 3 % of the share capital in December 2007, the company's subscribed capital amounts to € 98,940,000 and is divided into 32,980,000 registered shares, each representing an imputed share of the capital stock equivalent to € 3.00. The shares can be transferred only with the company's consent (registered shares of restricted transferability, see below). The company has only one class of shares.

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

Restrictions on Voting Rights or Transfer of Shares
By virtue of Article 5 para. 3 of the company's Articles of Incorporation, Axel Springer AG shares and the 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, as proven by its past practices.

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

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

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

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

Furthermore, transfer restrictions based on the German law of obligations apply to the members of the Management Board in connection with the Company Participation Program resolved by the shareholders at the annual shareholders'meeting of Axel Springer AG in 2004. According to the terms of this resolution, the participation in the Company Participation Program was made contingent on the purchase from the company of shares in Axel Springer AG by the members of the Management Board. For every share of Axel Springer AG purchased, the members of the Management Board were awarded eight options to purchase additional shares of Axel Springer AG. As a rule, the holding period for the shares purchased in connection with the Company Participation Program was set at five years. In accordance with the terms of the Company Participation Program, however, the five-year holding period was shortened by the fact that the financial investor Hellman & Friedman sold most of its shareholding in Axel Springer AG by way of a secondary placement in December 2006. For this reason, 50 % of the shares can be sold one year after the sale by Hellman & Friedman in December 2006 and the other 50 % can be sold after one additional year, that being two years after the sale by Hellman & Friedman. With respect to the time periods allowed, similar provisions apply also to the exercise of the stock options.

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 2007 fiscal year, Axel Springer Gesellschaft für Publizistik GmbH & Co. KG held around 51.55 % of the company's capital. This investment is attributable to AS Publizistik GmbH (in its function as the general partner of Axel Springer Gesellschaft für Publizistik GmbH & Co. KG), Friede Springer GmbH & Co. KG, Friede Springer Verwaltungs GmbH (in its function as the general partner of Friede Springer GmbH & Co. KG) and Dr. h. c. Friede Springer herself. At the end of the 2007 fiscal year, Dr. h. c. Friede Springer directly held an additional around 5.16 % of the company's share capital. Thus, the total shareholding controlled by Dr. h.c. Friede Springer amounted to around 56.70 %.

Shares Endowed with Special Rights that Confer Powers of Control

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

Manner of Exercising Voting Rights when Employees Hold Shares in the Company's Capital and do not Directly Exercise Their Rights of Control

Axel Springer AG does not have an employee stock program.

Statutory Provisions and Provisions of the Articles of Incorporation Relative to the Appointment and Dismissal of Management Board Members and Amendments to the Articles of Incorporation

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

Amendments to the company's Articles of Incorporation require a resolution of the annual shareholders' meeting, carried not only by a simple majority of the votes cast, but also by at least three quarters of the share capital present and represented at the time of voting on the resolution (cf. § 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 share capital present and represented at the time of voting on the resolution (cf. Article 21 para. 3 of the company's Articles of Incorporation).

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

Authority of the Management Board to Issue or Repurchase Shares

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

By resolution of the annual shareholders' meeting of April 19, 2007 (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 current share capital in the time until October 18, 2008. Such purchases can be effected on the stock exchange or by means of a public offer to all shareholders or a public invitation to submit an offer.

In addition, the company is authorized to purchase the company's own shares in connection with the Company Participation Program for the Management Board that was resolved at the annual shareholders' meeting of April 14, 2004, in the time until October 18, 2008 (Agenda Item 8 of the annual shareholders' meeting of April 19, 2007).

Along with the shares held by the company or attributable to the company in accordance with Sections 71 a ff. AktG, the shares purchased by virtue of the foregoing authorizations may not at any time exceed 10 % of the company's share capital. Details concerning these two authorizations are provided in the invitation to the annual shareholders' meeting of April 19, 2007, which is available on the website of Axel Springer AG. (See also Agenda Items 7 and 8 and the Management Board's report on this subject).

At the end of the 2007 fiscal year, the company held 2,380,000 of its own shares (representing 7.22 % of the reduced share capital).

Significant Agreements of the Company Subject to the Condition of a Change of Control Resulting from a Takeover Offer

With the exception of the € 1,500,000,000 credit facility, the company has not entered into any significant agreements that would be subject to a change of control resulting from a takeover offer. The € 1,500,000,000 credit facility extended to the company by a bank syndicate by date of August 14, 2006 is subject to the condition of a change of control insofar as the bank syndicate is entitled 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 share capital and/or voting rights by one or more parties acting together.

Indemnification Agreements of the Company with Management Board Members or Employees in the Event of a Change of Control

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

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

Final Declaration as per Section 312 (3) AktG

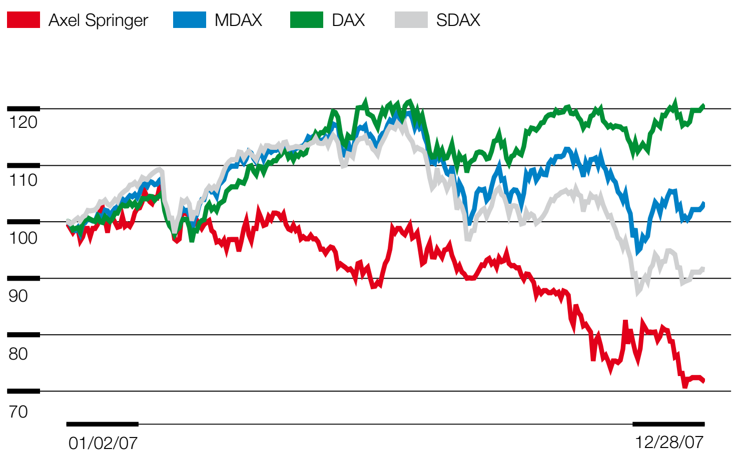
"According to the circumstances known to the management at the time of each transaction with an affiliated company, Axel Springer AG received adequate consideration for every such transaction and did not take or fail to take any actions in the 2007 fiscal year, either at the behest or in the interest of the controlling company or a company affiliated with the controlling company."

The Share

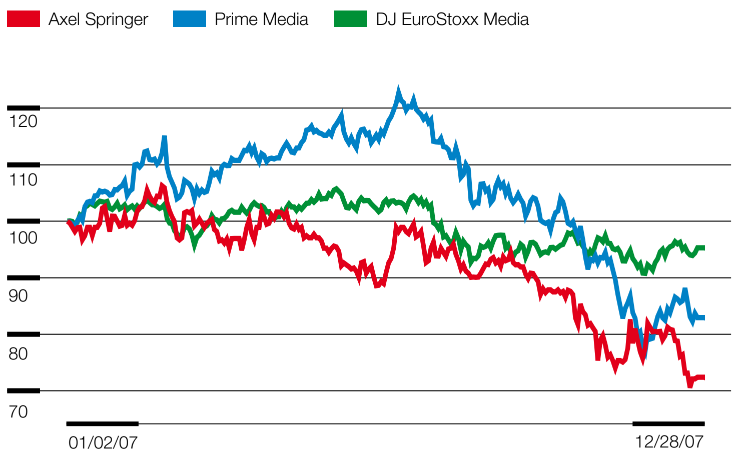
Again in 2007, the Investor Relations activities of Axel Springer AG were largely focused on accommodating the heightened communication needs associated with the numerous acquisitions effected last year. The inclusion of Axel Springer's stock in the selective index SDAX brought increased attention to the company in the capital markets.

Like the media indexes in general, the Axel Springer share lost value in 2007, ending the year at a loss of 28.2 %.

Index Comparison Total Market



Index Comparison Media



Share Price Performance

Media stocks were mostly down in 2007. The internationally diversified DJ EuroStoxx Media index lost 4.6 % and the Prime Media Index of Deutsche Börse, which is composed of German media stocks, lost 17.3 % compared with the year. Although the SDAX and MDAX indexes, which are composed of small to mid-sized enterprises, had outperformed the DAX in recent years, these two indexes lagged significantly behind the DAX in 2007.

The Axel Springer share was not invulnerable to these trends. The share came under additional pressure as a result of various other factors, including the developments affecting the postal service provider PIN Group AG. Having closed the year 2006 at € 136.45, the Axel Springer share continued to rise in the first quarter of 2007, when it reached its high for the year of € 145.00. In the further course of the year, however, the share price losses sustained by media companies primarily in the English-speaking countries spread to the media sector in continental Europe. In the fourth quarter, the Axel Springer share was directly impacted by the public debate and subsequent decision to introduce a minimum wage for the postal sector. The Axel Springer share closed the year at € 98.00. Consequently, the company's market capitalization came to € 3,232 billion and the free float-weighted market capitalization came to € 846.8 million.

Inclusion in the SDAX

Due to the higher proportion of widely held shares (free float) and the increased liquidity after the placement of 10 % shares by Hellman & Friedman in December 2006, the Axel Springer share was added to the SDAX index on June 5, 2007. As the company's market capitalization was extremely high compared with the other companies included in the index, the share was given the highest weighting as soon as it was included in the SDAX. For many investors, particularly institutional investors, the inclusion of a company's stock in a selective index is an important investment prerequisite.

Expansion of Investor Relations Activities

The goal of our Axel Springer's investors relations activities is to provide transparent, prompt, and extensive information on all important developments and events that are relevant to an evaluation of the company's current and future business performance to all interested analysts and investors.

As a result of the increased free float and the inclusion in the SDAX, Axel Springer significantly intensified its Investor Relations activities once again in 2007.

In addition to holding a considerably higher number of one-on-one meetings, Axel Springer hosted a total of eleven road shows and participated in eight investor conferences to present the company to investors. Meetings were held in Amsterdam, Barcelona, Boston, Frankfurt, Copenhagen, London, Milan, Munich, New York, Paris, and Zurich. The latest, updated road show presentation was posted on the IR pages of the company's website, so that all interested investors were able to access the same information at all times.

In September 2007, Axel Springer AG held its first Capital Markets Day. The response to the invitation was extremely positive. More than 60 capital markets professionals from Germany and abroad traveled to the full-day event in Berlin, where the Management Board and other members of the senior management presented the strategy of the Axel Springer Group and outlined the developments in the company's various divisions and subsidiaries. All presentations were simultaneously posted on the internet.

Finally, the numerous acquisitions effected in 2007 necessitated intensified communication activities to present the respective transactions and explain their implications for Axel Springer AG. The numerous conference calls conducted in this regard were subsequently made available on the company's website.

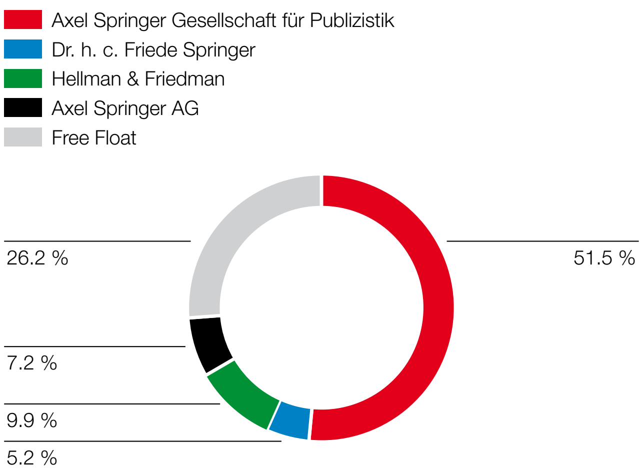
Improved Transparency

The company's financial reporting was adjusted during the course of 2007 to reflect the growing importance of digitalization in communications. The company's pro forma online revenue was disclosed for the first time along with the financial figures for the first half of 2007. In the interim report for the third quarter, more in-depth consideration was given to the company's recent acquisitions and a new segmentation was introduced, primarily to accommodate the new segment of Digital Media.

Changes in the Shareholder Structure

After conducting a share buy-back, mostly in the third quarter, Axel Springer's treasury stock reached the permissible limit of 10 % of its share capital on November 6. Immediately thereafter, the company decided to cancel 1.02 million shares (corresponding to 3 % of its share capital) and reduce its share capital accordingly. After the corresponding resolutions were implemented, the shareholder structure percentages were changed accordingly (see the diagram below).

Shareholder Structure



Annual Shareholders' Meeting and Dividend Proposal

The annual shareholders' meeting of Axel Springer AG was held in Berlin on April 19, 2007. All proposed resolutions were adopted with large majorities. The shareholders present and represented at the meeting accounted for 77.7 % of the company's share capital. At € 3.50 per share, the dividend for the 2006 fiscal year was more than twice as high as the previous year's dividend.

At the annual shareholders' meeting to be held later this year, the Management Board and Supervisory Board will propose a dividend of € 4.00 per share for the 2007 fiscal year, in consideration of the higher operating earnings generated in the company's core business and to return liquidity to the shareholders.

Share Information

in €

	2007	2006	Change
Earnings per share (basic)	- 9.78	9.20	
Earnings per share (diluted)	- 9.70	9.13	
Dividend	4.00	3.50	14.3 %
Share price at end of year	98.00	136.45	- 28.2 %
Highest price	145.00	136.45	6.3 %
Lowest price	96.50	101.00	- 4.5 %
Average price	126.08	111.58	13.0 %

Listing Information

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

Corporate Governance

Effective and responsible corporate management and supervision are a top priority for Axel Springer. The company adheres to the recommendations of the German Corporate Governance Code with the exception of three points. The Management Board and Supervisory Board have prepared the following report on corporate governance at Axel Springer:

The Management Board and Supervisory Board have taken appropriate measures to implement and ensure compliance with the principles of corporate governance. The Corporate Governance Officer is the Chief Financial Officer. His deputy is the Head of Legal Affairs. The implementation of and compliance with the recommendations of the German Corporate Governance Code in the version of June 14, 2007 (referred to hereinafter as the "Code") are evaluated on a quarterly basis. The Chairmen of the Management Board and the Supervisory Board are informed of the results of this evaluation on a regular basis.

Shareholders and Annual Shareholders' Meeting

Our shareholders exercise their voting rights in the annual shareholders' meeting. Those shareholders who are recorded in the share register and have registered in time are entitled to participate in the annual shareholders' meeting, which is held in the first eight months of the company's fiscal year. The Chairman of the Supervisory Board presides over the annual shareholders' meeting. The shareholders present and represented at the meeting decide on all matters ascribed to them by law, including the ratification of the actions of the Management Board and Supervisory Board, the election of members of the Supervisory Board, and the election of the independent auditor, among other matters. The annual shareholders' meeting also makes decisions concerning capital increases and amendments to the company's Articles of Incorporation.

Our goal is to make it as easy as possible for our shareholders to participate in the annual shareholders' meeting. The attendance documents are made available to shareholders on the internet in a timely manner. Furthermore, shareholders may elect to have their voting rights exercised by a proxy, who is bound to follow their instructions. At the order of the meeting chairman, all or part of the annual shareholders' meeting may be transmitted in an audio-visual format. The transmission may also be effected in a format that would provide the public with unrestricted access to the meeting. The manner of transmission to be employed is to be indicated in the meeting notice.

Supervisory Board

The Supervisory Board of Axel Springer AG is composed of nine members, who are elected by the shareholders present and represented at the annual shareholders' meeting. The term of office of Supervisory Board members is five years. At the end of their terms, they are eligible for reelection. The Chairman of the Supervisory Board is elected by its members. The Chairman's term of office is the same as that of other Supervisory Board members. The Supervisory Board is composed of the following members: Dr. Gerhard Cromme, Mr. Michael Lewis, Mr. Klaus Krone, Prof. Dr. Wolf Lepenies, Dr. Michael Otto, Mr. Brian M. Powers, Mr. Oliver Heine, Dr. h. c. Friede Springer (Vice Chairwoman), and Dr. Giuseppe Vita (Chairman). Each member of the Supervisory Board is obligated to report any conflicts of interest to the Supervisory Board without delay. Dr. Michael Otto informed the Supervisory Board of a possible conflict of interest resulting from the Otto Group's investment in the package delivery and logistical services provider Hermes Logistik Group. Therefore, Dr. Otto did not participate in the deliberations and resolutions pertaining to PIN Group AG in 2007, due to this possible conflict of interest. In its report to the annual shareholders' meeting, the Supervisory Board detailed the conflicts of interest that arose and the manners in which they were handled.

The Supervisory Board appoints the members of the Management Board. It supervises and advises the Management Board on the management of the company's business. Important decisions of the Management Board require the approval of the Supervisory Board. The Supervisory Board usually meets fives times a year.

In case of necessity, it also holds meetings without the Management Board. Meetings may be held and resolutions adopted also by way of written letters, telephone calls, telexes, or other forms of telecommunication. The Supervisory Board discusses the business developments, plans, and strategies for important capital investments at regular intervals.

The Supervisory Board adopts the annual financial statements of Axel Springer AG and approves the consolidated financial statements of the Axel Springer Group. The Supervisory Board conducted an evaluation of the efficiency of its work once again in 2007. The total compensation granted to the Supervisory Board in the 2007 fiscal year amounted to € 2,000 thousand.

By resolution of the annual shareholders' meeting of April 19, 2007, the compensation of the Supervisory Board according to Article 16 Para. 1 of the Articles of Incorporation was amended as follows.
The Supervisory Board receives a fixed compensation of € 2.000 thousand per year. In addition, the Supervisory Board receives an additional compensation of € 1,000 for every cent (€ 0.01) by which the dividend per share distributed to the shareholders exceeds € 0.15, but at least 4.0 % of the share capital in relation to one share. In addition, the Supervisory Board receives a compensation of € 300 thousand if the basic earnings per share (in relation to the portion of the consolidated net income attributable to the shareholders) exceeds the basic earnings per share, calculated in the same manner, of the third-to-last fiscal year by 15 % or more. For those fiscal years in which no positive consolidated net income can be applied as a comparative measure, the comparison basis for determining the increase in the fiscal year net income will be € 3.00 per share. For those fiscal years in which a consolidated net loss is incurred, only the fixed compensation of € 2.000 thousand will be paid. The Supervisory Board decides on the distribution of the above-mentioned amounts among its members, with due consideration given to the activities performed by each member as the Chairman and on the committees.

The company reimburses all members of the Supervisory Board for the value added taxes payable on their expenses and on their compensation.

If the company carries liability insurance for pecuniary damages (D&O insurance) for the members of its Supervisory Board, the company will pay the insurance premium.

As an exception to Section 5.4.7 (6) and (7) of the Code, the compensation granted to each individual member of the Supervisory Board and the fees paid by the company to individual members of the Supervisory Board for the services provided by them are not disclosed in the corporate governance report as the competitors of Axel Springer AG also do not publish such information.

To date, the Supervisory Board has established the following committees:

Executive Committee

Responsibilities	Members in 2007 fiscal year
■ Publishing and journalistic affairs ■ Strategy, financial planning ■ Capital expenditures, financing ■ Preparation of organizational decisions for the Management Board ■ Approval of the sale of registered shares of Axel Springer AG and the granting of subscription rights ■ Specific matters according to the internal rules of procedure	□ Dr. Giuseppe Vita (Chairman) □ Dr. h. c. Friede Springer (Vice Chairwoman) □ Dr. Gerhard Cromme □ Klaus Krone

Personnel Committee

Responsibilities	Members in 2007 fiscal year
■ Preparation of decisions regarding the appointment and dismissal of Management Board members ■ Resolutions on the conclusion, Amendment, and termination of employment contracts with Management Board members ■ Resolutions on the extension of loans within the meaning of Sections 89, 115 AktG ■ Approval of contracts with Supervisory Board members according to Section 114 AktG ■ Representation of the company in legal transactions with Management Board members ■ Specific matters according to the internal rules of procedure	□ Dr. Giuseppe Vita (Chairman) □ Dr. h. c. Friede Springer (Vice Chairwoman) □ Dr. Gerhard Cromme

Nominating Committee[1)]

Responsibilities	Members in 2007 fiscal year
■ Preparation of proposals for the election of Supervisory Board members ■ Preparation and review of requirement profiles outlining the company's expectations for the qualifications of Supervisory Board members ■ Observation of the national and international environment in order to identify suitable candidates	□ Dr. Giuseppe Vita (Chairman) □ Dr. h. c. Friede Springer (Vice Chairwoman) □ Dr. Michael Otto

1) Active since October 2007

Audit Committee

Responsibilities	Members in 2007 fiscal year
■ Preparation of decisions regarding the adoption of the parent company's financial statements and the approval of the consolidated financial statements ■ Preliminary review of the parent company's financial statements, the Dependency Report, the consolidated financial statements, the parent company's management report and the consolidated management report ■ Review of the proposal for the appropriation of net income ■ Review of the interim financial statements and interim financial reports ■ Review of the risk management system ■ Discussion of the audit report on the annual financial statements and the report on the critical review of interim financial statements with the independent auditor ■ Preparation of the proposal for the election of the independent auditor by the annual shareholders' meeting ■ Granting of the audit engagement for the parent company's financial statements and the consolidated financial statements, determination of audit priorities	□ Dr. Giuseppe Vita (Chairman) □ Dr. h. c. Friede Springer (Vice Chairwoman) □ Klaus Krone (as of April 19, 2007) □ Leonhard H. Fischer (until April 19, 2007)

Management Board

The Management Board manages the company under its own responsibility. It currently has four members. The Management Board provides extensive, up-to-date information to the Supervisory Board concerning all important issues pertaining to the planning, business development, risk situation, and risk management of the company on a regular basis. Each Management Board member is obligated to notify the Supervisory Board of any conflicts of interest without delay.

Compensation Report

The compensation of the Management Board members consists of fixed and variable elements. The variable compensation is composed of a cash component and a company stock component. The variable cash awards are subject to maximum limits. The variable components are determined on the basis of results, including the performance of each Management Board member and the success of the company, as measured by the earnings before interest, taxes, and amortization (EBITA). The goals to be achieved by each Management Board member and the assessment of the degree to which those goals have been fulfilled are determined by the Chairman of the Supervisory Board and the respective member of the Management Board. The Management Participation Program adopted at the annual shareholders' meeting of April 14, 2004 established a long-term variable compensation component for all members of the Management Board. On this basis, the members of the Management Board use their own money to purchase shares in the company, as a sign of their entrepreneurial commitment to the company's success. They are bound to hold these shares for a period of several years. In conjunction with this entrepreneurial commitment, the members of the Management Board also acquired stock options. The number of exercisable options depends on the company's profit performance and the years of service on the Management Board since the inception of the program. As of December 31, 2007, the value of the stock options exercisable of all the members of the Management Board was € 16,018 thousand. (This figure contains an imputed compensation component for 2007 in the amount of € 969 thousand; PY: € 9,501 thousand). For more information on the Management Participation Program, please refer to Note 15.f. in the Notes to the Financial statements. The Management Participation Program entails practically no financial burden for the company. According to the terms of a contract entered into with the companies managed by the shareholder Hellman & Friedman, Axel Springer AG is entitled to buy back the same number of shares that have been sold to the members of the Management Board at a comparable price or to receive a cash settlement instead. As a result of the financial protection attained in this manner, the Management Participation Program does not feature a price-dependent restriction, contrary to the recommendation of Section 4.2.3 (8) of the Code.
A detailed description of the Management Participation Program can be found on the company's website at www.axelspringer.de -> Investor Relations -> Annual Shareholders' Meeting 2004. The total compensation granted to each named member of the Management Board is not disclosed in this report as the corresponding provision in Section 4.2.4. of the Code expressly states that such itemized disclosure is not required if a resolution to that effect is adopted by a qualified majority of the shareholders present and represented at the meeting. The annual shareholders' meeting of Axel Springer AG that was held on April 27, PY passed such a resolution with the required majority. Furthermore, the competitors of Axel Springer AG also do not disclose the specific compensation granted to each member of their management boards. The fixed compensation granted to all of the members of the Management Board of Axel Springer AG in 2007 amounted to € 9,354 thousand (PY: € 6,864 thousand). The total amount of variable compensation granted was € 5,688 thousand (PY: € 3,973 thousand). The Management Board members have also been granted pension rights, for which purpose an amount of € 360 thousand was allocated to the corresponding pension provisions in 2007 (PY: € 333 thousand). The company did not grant any supplementary benefits to the members of its Management Board in 2007.

Preparation and Auditing of the Financial Statements

The consolidated financial statements and the interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements are prepared by the Management Board, audited by the independent auditor, and reviewed by the Supervisory Board. The annual financial statements are published within 90 days, the quarterly financial statements within 45 days of the respective period ending dates.

The company takes full advantage of the allowed options to present some of the required disclosures in a list of equity holdings, rather than in the Notes to the (consolidated) Financial Statements. The list of equity holdings contains the legally required disclosures. To the extent that it is possible to omit the disclosure of equity and profit-or-loss information, such disclosures are omitted, contrary to Section 7.1.4 (3) of the Code, in order to avoid disadvantages for the private individuals concerned.

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

It was agreed upon with the independent auditor Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Berlin Office, that the Chairman of the Supervisory Board or the Audit Committee would be informed without delay of any circumstances arising during the course of the audit that would constitute grounds for disqualification or partiality. It was also agreed that the independent auditor would immediately report any and all matters and events of importance to the duties of the Supervisory Board during the course of the audit. It was further agreed that the independent auditor would inform the Chairman of the Audit Committee or make an observation in the audit report if the independent auditor would discover during the course of the audit any facts that would contradict the Declaration of Conformity by the Management and Supervisory Boards according to Section 161 AktG.

Transparency

The provision of consistent, complete, up-to-date, and simultaneous information to all capital market participants is a matter of high priority for Axel Springer AG. The company reports on its business situation and results in its annual report, at its annual results press conference, and in its quarterly reports.

In addition, the company provides information in the form of ad hoc announcements, to the extent required by law, and press releases as well as on the company's website. The Articles of Incorporation of Axel Springer AG can also be viewed at the company's website. The financial reporting dates are published in the financial calendar with sufficient advance notice. The Management Board also publishes information on the changes in the composition of the shareholder structure that are subject to the reporting obligation according to Section 26 of the German Securities Trading Act (WpHG) and on the purchase and sale of shares by persons who exercise management duties at Axel Springer within the meaning of Article 15a WpHG (directors' dealings).

The Management Board members of Axel Springer AG directly or indirectly held 531,249 shares of Axel Springer AG on the balance sheet date. Of this total number, 468,949 are held by Dr. Mathias Döpfner indirectly via the company Brilliant 310. GmbH. The remaining 62,300 shares are held by the Management Board members (including Dr. Döpfner) on the basis of the Management Participation Program adopted by resolution of the annual shareholders' meeting of April 14, 2004. Based on the Management Participation Program and subject to its terms, the Management Board members (including Dr. Döpfner) also hold options to purchase additional shares of Axel Springer AG up to a total number of 498,400. For more information on the Management Participation Program, please refer to Note 15.f. of the Notes to the Financial Statements.

The Supervisory Board members of Axel Springer AG directly or indirectly held 19,832,863 shares of Axel Springer AG on the balance sheet date. Of this total number, 17,000,010 shares are indirectly held by Dr. h.c. Friede Springer via the companies Friede Springer GmbH & Co. KG and by Axel Springer Gesellschaft für Publizistik GmbH & Co. and 1,701,000 of these shares are held directly by Dr. h.c. Friede Springer. Another 1,124,853 shares are held by Mr. Michael Lewis indirectly via the companies Good Media Investment Holdings and TriAlpha Oceana Concentrated Opportunities Fund Ltd. The remaining 5,000 shares are attributable to Dr. Giuseppe Vita and the remaining 2,000 shares to Mr. Oliver Heine.

The company maintains an ad hoc committee charged with the responsibility of assessing and evaluating events within the company for which an ad hoc announcement is required. The members of the ad-hoc committee are the management division heads of Controlling, M&A, and Legal Affairs, the Head of Legal Affairs, and the Head of Investor Relations. The ad hoc committee reports to the Management Board. In accordance with the applicable laws and regulations, Axel Springer keeps a list of regular insiders, plus any other project-based insiders, to the necessary extent. This list is maintained by the Investor Relations Department. The designated insiders are informed about the relevant legal obligations and penalties.

Axel Springer AG published the Declaration of Conformity according to Section 161 AktG in December 2007. The Declaration of Conformity has been posted on the company's website under -> Investor Relations -> Corporate Governance.

Declaration of Conformity According to Section 161 AktG:

In accordance with Section 161 (1) of the German Stock Corporation Act (AktG), the Management Board and Supervisory Board of Axel Springer Aktiengesellschaft hereby make the following declaration.

"The company adheres to the recommendations of the Government Commission of the German Corporate Governance Code (the Code) in the version of June 14, 2007, published by the Federal Ministry of Justice in the official announcements section of the electronic Federal Gazette on July 20, 2007, with the following exceptions:

1. The published list of third-party companies in which the company holds an equity investment that is not insignificant for the company in question contains the legally required disclosures (Section 7.1.4 (3) Code).

To the extent that information regarding the equity and profit or loss can be omitted in accordance with the foregoing, the company does not make such disclosures, in order to avoid any disadvantages for the private individuals involved. Otherwise, the company takes full advantage of the allowed option of presenting some of the required disclosures in a list of equity holdings, instead of in the Notes to the (Consolidated) Financial Statements.

2. The Management Participation Program resolved by the annual shareholders' meeting of April 14, 2004 does not feature a limitation (cap) for extraordinary, unforeseeable developments (Section 4.2.3 (8) Code).

The Management Participation Program entails practically no financial burden for the company. By virtue of an option contract entered into with the shareholders H&F Rose Partners, L.P. and H&F International Rose Partners, L.P., Axel Springer Aktiengesellschaft is entitled to repurchase the same number of shares that have been sold to the members of the Management Board under the Management Participation Program at a comparable price or receive a cash settlement instead. Due to the financial protection afforded by this agreement, the Management Participation Program does not feature a price-related limitation.

3. The compensation granted to each individual member of the Supervisory Board and the fees paid by the company to individual members of the Supervisory Board for the services provided by them are not disclosed in the corporate governance report (Section 5.4.7 (6) and (7) Code).

Such itemized information is not disclosed as the competitors of Axel Springer Aktiengesellschaft also do not publish the compensation afforded to their management.

Since the last Declaration of Conformity was published in December 2006, the company has adhered to the recommendations of the Government Commission for the German Corporate Governance Code in the version of June 12, 2006, published by the Federal Ministry of Justice in the official announcements section of the electronic Federal Gazette on July 24, 2006, with the exception of the same points outlined above."

Berlin, December 2007

Axel Springer AG

The Supervisory Board　　　　The Management Board

Report of the Supervisory Board

The Supervisory Board supervised the management of the company in the 2007 fiscal year in accordance with the applicable laws and the company's Articles of Incorporation. In its meetings and the meetings of its committees, as well as by means of additional written and oral reports by the Management Board, the Supervisory Board obtained detailed information about the company's situation and development, important business transactions, and the risk management program on a regular basis. The Management Board also kept the Supervisory Board informed of significant events in the time between its meetings. In addition, the Supervisory Board Chairman and the Management Board Chairman held informational and consultational meetings on a regular basis.

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

The Supervisory Board held a total of seven meetings in 2007, including four meetings in the first half and three meetings in the second half of the calendar year. Due to a conflict of interest, the Supervisory Board member Dr. Michael Otto did not participate in the deliberations and resolutions on the subject of PIN Group AG. No member of the Supervisory Board attended fewer than half the meetings of the Supervisory Board.

The deliberations of the Supervisory Board in 2007 were focused in particular on the following topics: assuring the company's profitability and competitiveness by continuing the restructuring measures and promoting a heightened emphasis on customer orientation, and securing the company's future by strengthening and expanding its core business and by acquiring investments in Germany and abroad, especially in the TV and online markets. Furthermore, the Supervisory Board deliberated on the decisions regarding the sale of the company's investment in ProSiebenSat.1 Media AG and on increasing the company's investment in PIN Group AG and discussed these matters intensively with the Management Board. Another topic of emphasis wasthe decisions related to the introduction of a minimum wage for postal workers, including the resolution to the effect that the company will not provide additional financing to PIN Group AG if such a minimum wage is introduced.

In addition, the Supervisory Board deliberated on the parent company's financial statements and on the consolidated financial statements of the Group as of December 31, 2006, the agenda for the annual shareholders' meeting to be held in 2007, the budget and capital expenditure plan for the 2008 fiscal year, the review of the efficiency of the Supervisory Board's work, and the implementation of the recommendations of the German Corporate Governance Code.

German Corporate Governance Code

The Supervisory Board was continually involved in the further development of the company's corporate governance standards.

In December 2007, the Management Board and Supervisory Board issued their joint Declaration of Conformity according to Section 161 AktG and made that declaration permanently available on the company's website. Axel Springer AG adheres to nearly all of the recommendations. The Declaration of Conformity is reproduced on page 64 of the Annual Report.

Additional information on corporate governance in the Axel Springer Group may be found in the joint report of the Management and Supervisory Boards, which appears on pages 59 ff. of this Annual Report.

Committees of the Supervisory Board

The Supervisory Board has formed an Executive Committee, a Personnel Committee, and an Audit Committee. In October 2007, the Supervisory Board also established a Nominating Committee, in accordance with the recommendations of the Corporate Governance Code. The Chairman of the Supervisory Board is the Chairman of the Executive Committee, the Personnel Committee, Audit Committee, and Nominating Committee.

The Executive Committee, which is responsible for publishing and journalistic affairs as well as for matters of strategy, business planning, capital expenditures and financing, among other matters, notwithstanding the general responsibility of the full Supervisory Board, held seven meetings in 2007. The deliberations and resolutions of this committee were devoted in particular to the decisions concerning the acquisition of companies or majority interests in companies, including Zanox.de AG, Au Feminin, PIN Group AG, and Schweizer Programmzeitschriften, for example; on the acquisition of Deutsche Telekom's shares in BILD.T-Online; on the sale of the company's investment in ProSiebenSat.1 Media AG; and on the approval of the 2008 financing plan.

The Personnel Committee, which is responsible for the conclusion, amendment, and termination of the employment contracts with the members of the Management Board, among other matters, held four meetings in 2007 to discuss matters pertaining to the employment contracts of Management Board members, the waivers required for the service of Management Board members on the supervisory boards and boards of directors of other companies, and personnel matters pertaining to top-level executives of the company.

The Audit Committee prepared the decisions of the Supervisory Board regarding the adoption of the parent company's financial statements and the approval of the consolidated financial statements, reviewed the interim financial statements and interim reports, discussed matters pertaining to the independent auditor, and obtained information regarding the risk management program and internal auditing activities of the company. The Audit Committee held five meetings in 2007.

The Nominating Committee, which is responsible for preparing the proposal to the annual shareholders' meeting concerning the election of members to the Supervisory Board, did not yet hold meetings in 2007 as there was not yet any reason to hold such meetings.

Annual Financial Statements of the Parent Company and Consolidated Financial Statements of the Group

Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Berlin Office, audited the annual financial statements of the parent company and the consolidated financial statements of the Group, as well as the management report for the parent company and the consolidated management report for the Group, all of which prepared by the Management Board for the 2007 fiscal year, and provided them with an unqualified audit opinion in each case. In summary, the independent auditor noted that the Management Board has implemented a risk management system that fulfills the statutory requirements and that this system is basically suitable for the early detection of any developments that could endanger the company's continued existence.

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

The documents were discussed extensively in the presence of the auditors in the meetings of the Audit Committee of March 3, 2008 and March 11, 2008. At these meetings, the auditors reported on the principal findings of their audit. The Audit Committee, in turn, reported the results of its examination to the full Supervisory Board. At its meeting of March 11, 2008, the Supervisory Board reviewed the documents in question, having noted and duly considered the report of its Audit Committee and the report of Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Berlin Office, and having discussed them with the auditors.

The Supervisory Board acknowledged and approved the audit results. Based on the results of its own review, the Supervisory Board had no objections to raise. The Supervisory Board approved the annual financial statements of the parent company and the consolidated financial statements of the Group that were prepared by the Management Board. As a result, the 2007 Axel Springer AG annual financial statements were officially adopted.

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

The Management Board also submitted its report on the company's dealings with related companies pursuant to Section 312 of the German Stock Corporation Act (AktG) to the Supervisory Board. The Supervisory Board was also in receipt of the corresponding audit report by Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Berlin Office. Both reports were also provided to each member of the Supervisory Board. The audit opinion of the independent auditor reads as follows:

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

1. the factual information contained in the report is correct; and

2. the consideration provided by the company in respect of the legal transactions mentioned in the report was not inappropriately high.”

The Supervisory Board also reviewed this report of the Management Report and the corresponding report of the independent auditor. At the Supervisory Board meeting of March 11, 2008, the auditors also reported verbally on the principal findings of their audit. Based on the final results of its own review, the Supervisory Board concurs with the relevant declaration of the Management Board according to Section 312 (3) AktG.

Election of New Supervisory Board Member

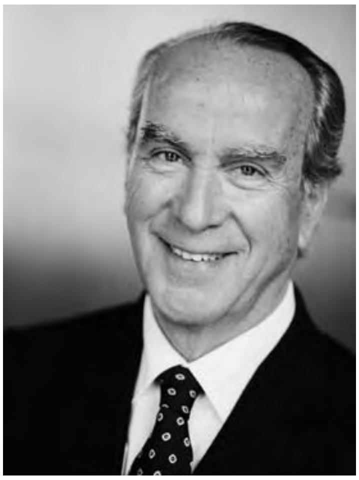
Mr. Leonhard H. Fischer resigned from his position as a member of the Supervisory Board taking effect at the close of the annual shareholders’ meeting in 2007. Thereupon, the shareholders present and represented at the annual meeting of Axel Springer AG elected Mr. Michael Lewis to replace him on the Supervisory Board, effective April 19, 2007. The Supervisory Board wishes to thank Mr. Leonhard H. Fischer for his work in the past years.

Berlin, March 11, 2008

The Supervisory Board

Dr. Giuseppe Vita
Chairman

Supervisory Board



Dr. Giuseppe Vita
Chairman of the Supervisory Board

Dr. h. c. Friede Springer
Vice Chairwoman
Businesswoman, Berlin

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

Oliver Heine
Lawyer, Hamburg

Klaus Krone
Businessman, Berlin

Prof. Dr. Wolf Lepenies
University Professor, Berlin

Michael Lewis
Investment Manager, London/United Kingdom

Dr. Michael Otto
Chairman of the Management Board of Otto (GmbH & Co KG), Hamburg

Brian M. Powers
Chief Executive Officer of the Investment Group Hellman & Friedman LLC, USA

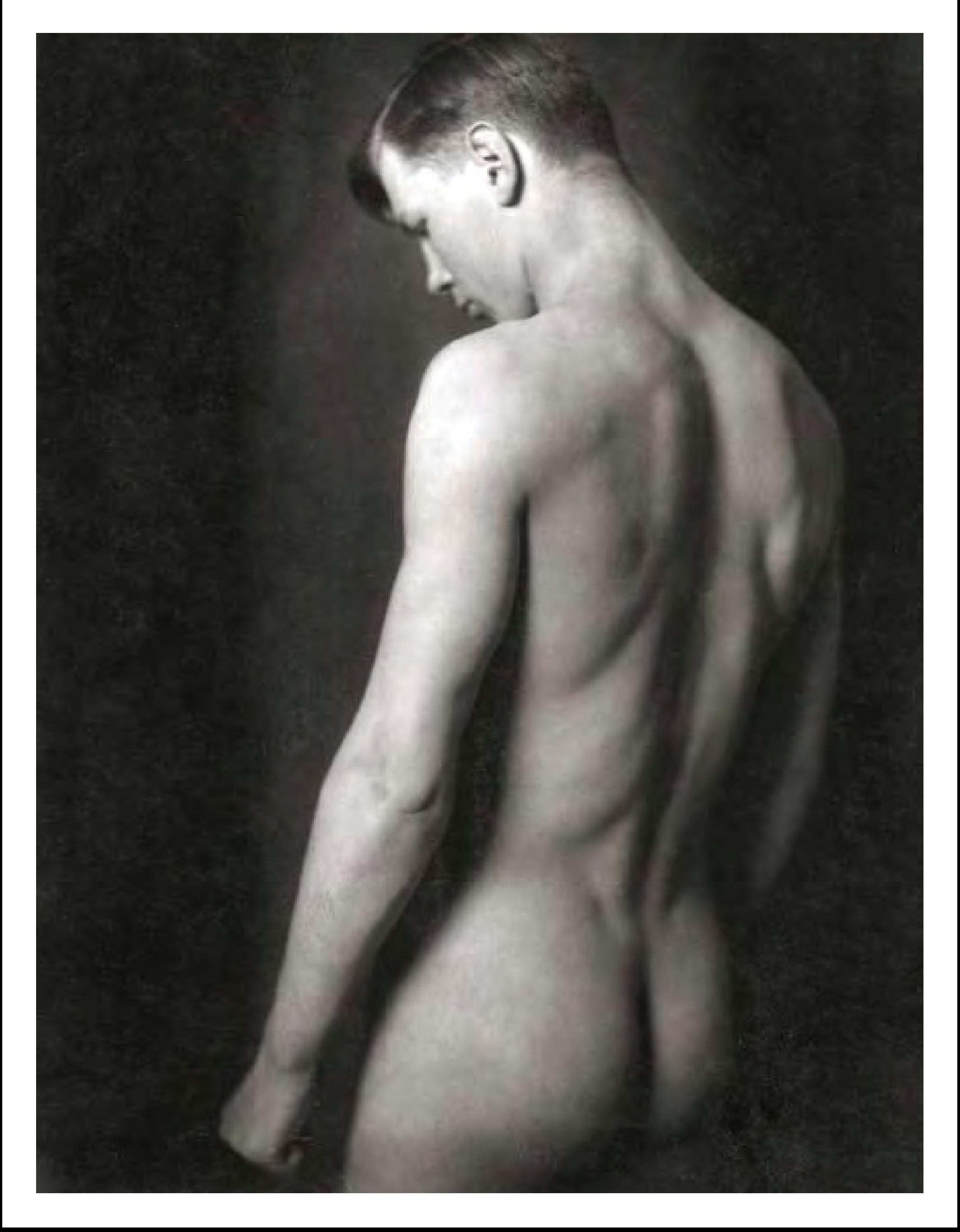
ullstein bild

Is there a typical feminine way of looking at things? In the era of "gender mainstreaming" this question perhaps seems a bit unconventional. But in view of the pictures presented here – large black & white photographs spanning six decades – it is entirely justified, because they were all taken by women.

Well-known names such as Lotte Jacobi and Yva, rediscoveries and new discoveries such as, Frieda Riess or Elli Marcus: all photographers for ullstein bild. The large internationally renowned photo agency of Axel Springer AG has a tradition that stretches back farther than one-hundred years, a collection of 12 million analog pictures and 1.5 million photos, which can be researched online, worldwide and at any time.

Lotte Jacobi *1928, Portrait of Lil Dagover*

Barbara Pflaum *1971, Fashion Show in the Museum of the 20th Century in Vienna*



Frieda G. Riess *1925, The Boxer Erich Brandl*

Regina Relang *1937, Winter Sport Fashions*

Sonja Georgi *1939, „Bright Summer Day“*

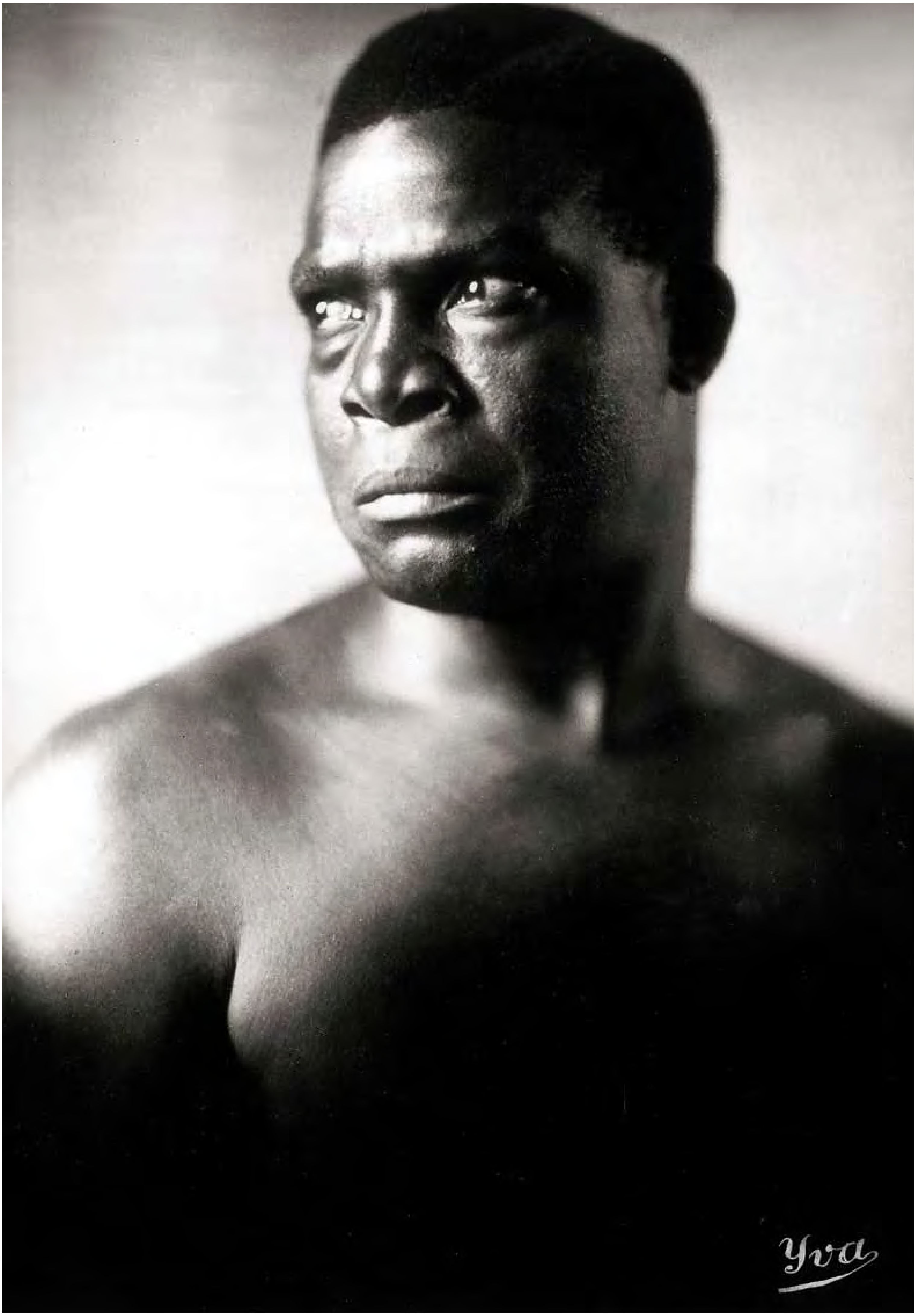
Erna Wagner-Hehmke *1949, At the Topping-out Ceremony of the New Plenary Hall in Bonn*

Dora Kallmus *1929, Self-portrait with Cat*

Suse Byk *1929, Dancer Valeska Gert*

Jaro v. Tucholka *1926, Valeska Gert – Portrait with Hat*

Yva *1929, Actor Lewis Brody*


Yva

Elli Marcus *1931, The Driver's Goggles*

Lotte Jacobi, 1928, Portrait of Lil Dagover
"The artist and her dog" was the title of the article appearing in "Die Dame", which called for an illustration. The quality of the work of Jacobi (1896–1990) is evident in the manner in which she approached this everyday topic: pure elegance. In 1935 she emigrated to New York, where she was able to build upon the success she enjoyed in old Berlin.

Barbara Pflaum, 1971, Fashion Show in the Museum of the 20th Century in Vienna
How fitting the title of this photo is from today's perspective! Pflaum (1912–2002) documented life in her native city of Vienna in all of its aspects for the press and in books. And she never disavowed her training as a fashion designer or graphic artist.

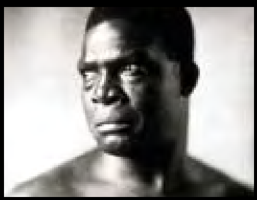
Frieda G. Riess, 1925, The Boxer Erich Brandl
Riess was rediscovered at an exhibit in Berlin in this year. Born in 1890 near Poznan, she operated a successful portrait studio on Berlin's Ku'damm in 1918–1932. Paris was her exile. She died there sometime during the fifties. That's all we know about her.

Regina Relang, 1937, Winter Sports Fashions
One of Germany's most prominent fashion photographers. Her last name was actually Lang, but she thought it sounded better with "Re" added. She worked for "Vogue", for "Harper's Bazaar" and for Ullstein's "Die Dame". She died a highly celebrated artist in 1983 at the age of 83.

Erna Wagner-Hehmke, 1949, Topping-out Ceremony at the New Plenary Hall in Bonn
Born in Wroclaw in 1905, Wagner-Hehmke was trained by Anne Winterer, the co-owner of a studio in Düsseldorf. Her photos from the initial years of the newly founded Federal Republic of Germany have a museum-like quality. She died in 1992 in Düsseldorf.

Suse Byk, 1929, Dancer Valeska Gert
Suse Byk is one of the forgotten greats. Few details are known about her life. She was born in Berlin in 1890 and died sometime around 1960 in New York, her chosen place of exile. In 1913–38 she had a studio for fashion, portrait and dance photography at Kurfürstendamm 230.

Jaro v. Tucholka, 1926, Valeska Gert – Portrait with Hat
Gert, an expression and "tone" dancer", was one of the most popular portrait subjects of the 1920s. Tucholka, a Berlin photographer, translator, playwright and friend of Sintenis, shot this photo for Ullstein's "Querschnitt". Her date of birth is unknown; she died in 1978.



Yva, 1929, Actor Lewis Brody
Else Neuländer (born 1900 in Berlin–died 1942 in Majdanek concentration camp) ran a very successful studio in Berlin under the pseudonym "Yva" until she was forbidden to work in 1938. Helmut Newton was one of her students. Brody was "the" black actor of German cinema in the 1920s and 1930s.

Sonja Georgi, 1939,
“Bright Summer Day”
Nothing in this photo hints of the approaching war. The appearance is deceptive, but Sonja Georgi (1915–1957) masters it in style. Fashion, portrait and glamour are her favorite subjects as a magazine photographer. First in Berlin, later in Hamburg.

Dora Kallmus, 1929,
Self-portrait with Cat
Her look is as mysterious as the artistic name that she chose for herself: “Madam d’Ora”. Born in Vienna in 1881, Kallamus was a student of Perscheid. She enjoyed her greatest success as a portrait photographer in Paris from 1925 onward. She died in 1961 in Austria.

Elli Marcus, 1931,
The Driver’s Goggles
Until she emigrated to New York in 1933, the theater photographer (1899–1977) worked in Berlin. Often for Ullstein, for which she produced “Lady with Goggles”. She is famous for her photos of Marlene Dietrich. Her student Rosemarie Clausen also became well-known in her own right.

The article in “Die Dame”, which was illustrated by Elli Marcus’ photo, begins with astonishing praise: “An automobile trip without your husband – fantastic, my dear lady!” Women drivers were a rarity 77 years ago. Women photographers, too …

Annual Financial Statements

Group

Auditor's Report

We have audited the consolidated financial statements prepared by Axel Springer AG, Berlin, comprising the balance sheet, the income statement, cash flow statement, statement of changes in equity, and notes to the financial statements, together with the group management report, for the fiscal year from January 1, 2007 to December 31, 2007. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Berlin, March 4, 2008

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatergesellschaft

(Dr. Schlößer)	(Plett)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Consolidated Balance Sheet

Consolidated Balance Sheet at December 31, 2007

€ thousands ASSETS	Note	12/31/2007	12/31/2006
Non-current assets		**2,246,986**	**2,072,561**
Fixed assets		2,186,787	1,999,521
Intangible assets	(4)	704,707	190,442
Property, plant and equipment	(5)	756,789	754,303
Investment property	(6)	27,369	39,472
Non-current financial assets	(7)	697,922	1,015,304
Investments in associated companies accounted for by the equity method		639,371	269,332
Other non-current financial assets		58,551	745,972
Receivables from income tax	(11)	46,511	52,938
Other financial assets	(12)	2,812	1,869
Other assets	(13)	254	42
Deferred taxes	(32)	10,622	18,191
Current assets		**1,579,953**	**1,051,418**
Inventories	(8)	37,990	40,212
Trade receivables	(9)	269,221	203,534
Receivables due from related parties	(10)	63,417	71,358
Receivables from current income taxes	(11)	70,292	23,441
Other financial assets	(12)	89,355	104,336
Other assets	(13)	20,926	19,828
Cash and cash equivalents	(35)	198,056	588,709
Assets held for sale	**(14)**	**830,696**	**0**
Total assets		**3,826,939**	**3,123,979**

Consolidated Balance Sheet at December 31, 2007

€ thousands EQUITY AND LIABILITIES	Note	12/31/2007	12/31/2006
Equity	**(15)**	**1,211,828**	**1,795,078**
Shareholders of Axel Springer AG		1,130,733	1,778,606
Minority interests		81,095	16,472
Non-current provisions and liabilities		**1,509,684**	**651,679**
Provisions for pensions	(16)	299,838	286,661
Other provisions	(17)	20,936	41,796
Financial liabilities	(18)	930,149	101,422
Trade payables		519	2,104
Liabilities due to related parties	(19)	2,925	9
Other financial liabilities	(21)	69,227	37,976
Other liabilities and accruals	(22)	9,325	9,146
Deferred taxes	(32)	176,765	172,565
Current provisions and liabilities		**1,105,427**	**677,222**
Provisions for pensions	(16)	47,971	48,518
Other provisions	(17)	192,417	168,732
Financial liabilities	(18)	10,988	9,853
Trade payables		234,525	185,779
Liabilities due to related parties	(19)	39,860	45,258
Liabilities for current income taxes	(20)	83,597	66,055
Other financial liabilities	(21)	100,312	54,933
Other liabilities and accruals	(22)	137,210	98,094
Liabilities in connection with assets held for sale	**(14)**	**258,547**	**0**
Total equity and liabilities		**3,826,939**	**3,123,979**

Consolidated Income Statement

Consolidated Income Statement

€ thousands

	Note	2007	2006
Revenues	(24)	2,577,933	2,375,934
Other operating income	(25)	105,224	92,039
Change in inventories and internal costs capitalized		4,533	1,554
Purchased goods and services	(26)	(882,761)	(789,258)
Personnel expenses	(27)	(701,877)	(660,101)
Depreciation, amortization and impairments	(28)	(74,239)	(64,446)
Other operating expenses	(29)	(684,430)	(648,750)
Income from investments	(30)	76,286	67,616
Income from associated companies accounted for by the equity method		26,316	24,105
Other investment income		49,970	43,511
Net financial income/expenses	(31)	(46,362)	26,147
Interest income		13,848	21,923
Interest and similar expenses		(49,412)	(34,757)
Other net financial income/expenses		(10,798)	38,981
Income taxes	(32)	(90,280)	(106,151)
Income from continuing operations		**284,027**	**294,584**
Income/expenses from discontinued operations	**(33)**	**(572,458)**	**(3,736)**
Consolidated net income/loss		**(288,431)**	**290,848**
Consolidated net income attributable to shareholders of Axel Springer AG		(299,619)	282,083
Consolidated net income attributable to minority interests		11,188	8,765
Basic earnings per share from continuing operations (in €)	**(34)**	**8.91**	**9.28**
Diluted earnings per share from continuing operations (in €)	**(34)**	**8.83**	**9.21**
Basic earnings per share (in €)	**(34)**	**(9.78)**	**9.20**
Diluted earnings per share (in €)	**(34)**	**(9.70)**	**9.13**

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement

€ thousands

	Note	2007	2006
Income from continuing operations		284,027	294,584
Income/expenses from discontinued operations		(572,458)	(3,736)
Consolidated net income/loss		**(288,431)**	**290,848**
Depreciation, amortization, impairments and write-ups of fixed assets		579,547	59,594
Gains(-)/losses(+) of associated companies accounted for by the equity method		(26,316)	(24,105)
Dividends received from associated companies accounted for by the equity method		21,505	32,928
Gains(-)/losses(+) on disposal of fixed assets		(12,637)	3,948
Increase/decrease in non-current provisions		(13,863)	15,793
Increase/decrease in deferred taxes		(41,759)	29,486
Other non-cash income and expenses	(36)	45,380	(12,475)
Increase/decrease in inventories		2,511	8,792
Increase/decrease in trade receivables		(17,582)	(24,745)
Increase/decrease in other assets		(21,881)	(99,250)
Increase/decrease in current provisions		24,087	8,354
Increase/decrease in trade payables		21,838	14,566
Increase/decrease in receivables/payables due from/to related parties		4,873	(6,334)
Increase/decrease in other liabilities		5,794	(43,859)
Cash flow from operating activities		**283,066**	**253,541**
Cash receipts from disposal of intangible assets held as fixed assets and of property, plant and equipment		11,092	18,131
Cash receipts from disposals of consolidated subsidiaries, less cash given up in the exchange		2,610	1,441
Cash receipts from disposals of other non-current financial assets		25,819	3,275
Cash payments for investments in intangible assets held as fixed assets, property, plant and equipment and investment property		(96,591)	(37,760)
Cash payments for the acquisition of shares in consolidated subsidiaries, less cash received in the exchange		(926,695)	(28,840)
Cash payments for investments in other non-current financial assets		(408,651)	(3,400)
Cash flow from investing activities	**(36)**	**(1,392,416)**	**(47,153)**
Profit distribution to shareholders of Axel Springer AG		(107,318)	(52,126)
Profit distribution to other shareholders		(4,687)	(3,667)
Cash payments for the purchase of treasury shares		(7,935)	0
Cash payments for the repayment of liabilities under finance leases		(304)	(270)
Cash receipts from the borrowing of other financial liabilities		1,012,482	3,164
Cash payments for the repayment of other financial liabilities		(145,093)	(149,581)
Cash flow from financing activities		**747,145**	**(202,480)**
Cash flow-related changes in cash and cash equivalents		**(362,205)**	**3,908**
Changes in cash and cash equivalents due to exchange rates		(51)	(338)
Changes in cash and cash equivalents due to changes in consolidation group		(921)	11
Cash and cash equivalents at beginning of period		588,709	585,128
Reclassified as held-for-sale assets		(27,476)	0
Cash and cash equivalents at end of period	**(35)**	**198,056**	**588,709**

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

€ thousands

	2007	2006
Income taxes paid	(132,563)	(167,465)
Income taxes received	4,566	4,021
Interest paid	(23,532)	(21,926)
Interest received	8,112	15,942
Investment income received	53,762	49,217

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity 2007

€ thousands	Number of shares outstanding (shares)	Subscribed capital	Additional paid-in capital	Accumulated retained earnings	Treasury shares	Accumulated other comprehensive income: Currency translation adjustments	Accumulated other comprehensive income: Changes in fair value of financial instruments	Accumulated other comprehensive income: Other	Shareholders of Axel Springer AG	Minority interests	Consolidated equity
Balance at 01/01/2007	**30,662,300**	**102,000**	**35,231**	**1,271,848**	**(181,203)**	**2,096**	**514,934**	**33,700**	**1,778,606**	**16,472**	**1,795,078**
Currency translation differences						(952)			(952)	575	(377)
Changes in fair value of financial instruments after taxes							(158,393)		(158,393)	(259)	(158,652)
Comprehensive other income recognized directly in equity	**0**	**0**	**0**	**0**	**0**	**(952)**	**(158,393)**	**0**	**(159,345)**	**316**	**(159,029)**
Consolidated net income/loss				(299,619)					(299,619)	11,188	(288,431)
Consolidated comprehensive income/loss	**0**	**0**	**0**	**(299,619)**	**0**	**(952)**	**(158,393)**	**0**	**(458,964)**	**11,504**	**(447,460)**
Dividends paid				(107,318)					(107,318)	(4,687)	(112,005)
Treasury shares purchased	(62,300)			(55,376)	55,376				0		0
Capital reduction		(3,060)	3,060		(7,935)				(7,935)		(7,935)
Management Participation Program			969						969		969
Other changes not recognized in income in companies accounted for by the equity method								(7,585)	(7,585)		(7,585)
H&F Call Option			(258)						(258)		(258)
Change in consolidation group				1,072				(67,827)	(66,755)	57,082	(9,673)
Other changes								(27)	(27)	724	697
Balance at 12/31/2007	**30,600,000**	**98,940**	**39,002**	**810,607**	**(133,762)**	**1,144**	**356,541**	**(41,739)**	**1,130,733**	**81,095**	**1,211,828**

Consolidated Statement of Changes in Equity 2006

€ thousands	Number of shares outstanding (shares)	Sub-scribed capital	Additio-nal paid-in capital	Accu-mulated retained earnings	Treasury shares	Accumulated other comprehensive income: Currency translation adjustments	Accumulated other comprehensive income: Changes in fair value of financial instruments	Other	Share-holders of Axel Springer AG	Minority interests	Consolidated equity
Balance at 01/01/2006	**30,662,300**	**102,000**	**26,574**	**1,041,891**	**(181,203)**	**1,611**	**154,791**	**28,746**	**1,174,410**	**10,579**	**1,184,989**
Currency translation differences						485			485	(104)	381
Changes in fair value of financial instruments after taxes							360,143		360,143	208	360,351
Comprehensive other income recognized directly in equity	**0**	**0**	**0**	**0**	**0**	**485**	**360,143**	**0**	**360,628**	**104**	**360,732**
Consolidated net income/loss				282,083					282,083	8,765	290,848
Consolidated comprehensive income/loss	**0**	**0**	**0**	**282,083**	**0**	**485**	**360,143**	**0**	**642,711**	**8,869**	**651,580**
Dividends paid				(52,126)					(52,126)	(3,667)	(55,793)
Management Participation Program			9,501						9,501		9,501
Other changes not recognized in income in companies accounted for by the equity method								8,929	8,929		8,929
H&F Call Option			(844)						(844)		(844)
Other changes								(3,975)	(3,975)	691	(3,284)
Balance at 12/31/2006	**30,662,300**	**102,000**	**35,231**	**1,271,848**	**(181,203)**	**2,096**	**514,934**	**33,700**	**1,778,606**	**16,472**	**1,795,078**

Notes

Segment Report

Segment Report – Primary Reporting Format 2007

€ thousands	Continuing operations					Discontinued operations	Consolidated totals
	Newspapers	Magazines	Digital Media	Printing	Logistics / Services / Holding	Logistics	
External revenues	**1,493,147**	**814,133**	**152,328**	**45,033**	**73,292**	**127,036**	**2,577,933**
Internal revenues	17,381	10,026	12,211	195,921	129,783	3,009	
Segment revenues	1,510,528	824,159	164,539	240,954	203,075	130,045	
EBITDA [1]	**338,448**	**88,859**	**47,150**	**23,328**	**(27,784)**	**(48,983)**	**470,001**
thereof investment income/expenses	23,889	6,057	37,811	(3,240)	4,892	(8,497)	69,409
thereof accounted for by the equity method	19,320	5,748	6,437	(5,189)	0	(8,497)	26,316
Depreciation, amortization and impairments (except from purchase price allocations)	(6,710)	(8,704)	(2,473)	(26,568)	(19,719)	(3,976)	(64,174)
Write-ups	0	0	0	0	15,835	0	15,835
Segment earnings (EBITA) [1]	**331,739**	**80,155**	**44,677**	**(3,240)**	**(31,669)**	**(52,959)**	**421,662**
Impairment losses in goodwill	0	0	0	0	0	(520,920)	0
EBIT [1]	**331,739**	**80,155**	**44,677**	**(3,240)**	**(31,669)**	**(573,879)**	**421,662**
Effects of purchase price allocations	0	(5,851)	(7,551)	0	(18)	(1,277)	(13,420)
non-recurring effects (No. 38)	7,290	3,501	0	0	1,637	(23,859)	12,428
Earnings before interest and taxes	339,029	77,805	37,125	(3,240)	(30,050)	(599,015)	420,669
Net financial income/expenses						(2,517)	(46,362)
Income taxes						29,074	(90,280)
Income from continuing operations							**284,027**
Income/expenses from discontinued operations						**(572,458)**	**(572,458)**
Consolidated net income/loss							**(288,431)**
Capital expenditures	20,746	139,587	389,550	5,564	18,249		573,696
Segment assets	334,924	337,045	1,480,362	592,169	463,527	236,086	3,444,113
thereof investment carrying amounts accounted for by the equity method	106,944	9,859	398,001	124,567	0	0	639,371
Segment liabilities	349,337	194,195	190,642	178,822	218,587	132,556	1,264,139
Employees	4,506	2,575	575	1,186	1,506	2,596	12,944

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

Segment Report – Secondary Reporting Format 2007

€ thousands	Domestic	Foreign	Consolidated totals
Consolidated revenues	2,040,695	537,238	2,577,933
Capital expenditures	250,587	323,109	573,696
Segment assets	2,628,198	815,915	3,444,113

Segment Report - Primary Reporting Format 2006

€ thousands	Continuing operations					Discontinued operations	Consolidated totals
	Newspapers	Magazines	Digital Media	Printing	Logistics / Services / Holding	Logistics/ Others	
External revenues	**1,457,026**	**783,022**	**23,950**	**43,422**	**68,514**		**2,375,934**
Internal revenues	15,420	8,951	3,602	243,750	145,403		
Segment revenues	1,472,446	791,973	27,552	287,172	213,917		
EBITDA [1]	**306,129**	**73,858**	**22,783**	**33,163**	**(2,050)**	**(4,962)**	**433,883**
thereof investment income/expenses	17,991	3,751	31,788	6,126	7,960	(1,150)	67,616
thereof accounted for by the equity method	12,985	4,285	2,406	4,429		(1,150)	24,105
Depreciation, amortization and impairments (except from purchase price allocations)	(5,851)	(7,708)	(640)	(27,155)	(21,961)		(63,315)
Write-ups					4,481		4,481
Segment earnings (EBITA) [1]	**300,278**	**66,150**	**22,143**	**6,008**	**(19,530)**	**(4,962)**	**375,049**
Impairment losses in goodwill		(1,000)					(1,000)
EBIT [1]	**300,278**	**65,150**	**22,143**	**6,008**	**(19,530)**	**(4,962)**	**374,049**
Effects of purchase price allocations	0	0	(131)	0	0		(131)
non-recurring effects (No. 38)	0	819	0	0	(149)		670
Earnings before interest and taxes	300,278	65,969	22,012	6,008	(19,679)	(4,962)	374,588
Net financial income/expenses							26,147
Income taxes						1,226	(106,151)
Income from continuing operations							**294,584**
Income/expenses from discontinued operations						**(3,736)**	**(3,736)**
Consolidated net income/loss							**290,848**
Capital expenditures	11,271	7,629	63,935	8,990	8,441		100,266
Segment assets	316,960	200,515	792,550	627,667	456,644	14,577	2,408,913
thereof investment carrying amounts accounted for by the equity method	97,360	7,469	7,305	142,621	0	14,577	269,332
Segment liabilities	339,464	180,208	53,522	176,395	224,444		974,033
Employees	4,376	2,358	170	1,262	1,567		9,733

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

Segment Report – Secondary Reporting Format 2006

€ thousands	Domestic	Foreign	Consolidated totals
Consolidated revenues	1,992,779	383,155	2,375,934
Capital expenditures	92,417	7,849	100,266
Segment assets	2,274,210	134,703	2,408,913

Consolidated Statement of Changes in Fixed Assets

Consolidated Statement of Changes in Fixed Assets 2007

€ thousands				Acquisition or Production Cost				
	01/01/2007	Initial consolidation	Decon-solidation	Currency effects	Additions	Disposals	Transfers	12/31/2007
Purchased rights and licenses	158,330	245,113	(817)	(1,039)	33,284	(5,236)	7,281	436,916
Internally generated rights	23,921	8,434	0	(13)	942	(216)	(7,915)	25,153
Goodwill	156,748	257,753	(2,357)	(48)	0	0	0	412,096
Intangible assets	**338,999**	**511,300**	**(3,174)**	**(1,100)**	**34,226**	**(5,452)**	**(634)**	**874,165**
Land and buildings, including buildings on non-owned land	550,062	1,647	0	(88)	2,468	(5,473)	29,123	577,739
Technical equipment and machinery	533,635	14	0	6	3,497	(2,291)	819	535,680
Other equipment, operational and office equipment	152,910	6,383	(645)	604	15,146	(9,435)	228	165,191
Construction in progress	2,124	0	0	1	4,431	(186)	(416)	5,954
Property, plant and equipment	**1,238,731**	**8,044**	**(645)**	**523**	**25,542**	**(17,385)**	**29,754**	**1,284,564**
Investment property	**78,339**	**0**	**0**	**0**	**99**	**0**	**(29,120)**	**49,318**
				Acquisition Cost or Fair Value				
Investments in subsidiaries	62,311	(4,013)	0	11	3,012	(14,580)	0	46,741
Investments in associated companies accounted for by the equity method	269,332	(8,498)	0	0	419,720	(44,577)	3,394	639,371
Other investments in associated companies	56,796	163	0	0	2,986	(9,362)	(3,394)	47,189
Investments in other related companies	683,941	0	0	0	0	(163,677)	(509,360)	10,904
Loans and advances	9,226	0	0	0	4,703	(7,350)	0	6,579
Securities and other financial instruments carried as fixed assets	1,494	9,458	(1,682)	(197)	1,683	(7,844)	0	2,912
Non-current financial assets	**1,083,100**	**(2,890)**	**(1,682)**	**(186)**	**432,104**	**(247,390)**	**(509,360)**	**753,696**

Consolidated Statement of Changes in Fixed Assets 2006

€ thousands				Acquisition or Production Cost				
	01/01/2006	Initial consolidation	Decon-solidation	Currency effects	Additions	Disposals	Transfers	12/31/2006
Purchased rights and licenses	152,479	14	(161)	216	11,743	(5,961)	0	158,330
Internally generated rights	13,425	10,266	0	(4)	847	(613)	0	23,921
Goodwill	103,961	53,574	(787)	0	0	0	0	156,748
Intangible assets	**269,865**	**63,854**	**(948)**	**212**	**12,590**	**(6,574)**	**0**	**338,999**
Land and buildings, including buildings on non-owned land	545,761	0	0	(53)	1,859	(236)	2,731	550,062
Technical equipment and machinery	535,512	0	(1)	(18)	7,773	(20,077)	10,446	533,635
Other equipment, operational and office equipment	151,253	452	(454)	3	12,670	(11,113)	99	152,910
Construction in progress	12,352	0	0	3	1,631	(1,202)	(10,660)	2,124
Property, plant and equipment	**1,244,878**	**452**	**(455)**	**(65)**	**23,933**	**(32,628)**	**2,616**	**1,238,731**
Investment property	**80,607**	**0**	**0**	**0**	**395**	**(47)**	**(2,616)**	**78,339**
				Acquisition Cost or Fair Value				
Investments in subsidiaries	64,162	(238)	565	4	764	(2,381)	(565)	62,311
Investments in associated companies accounted for by the equity method	238,532	0	0	0	32,616	(32,928)	31,112	269,332
Other investments in associated companies	88,932	0	0	(11)	6,597	(9,250)	(29,472)	56,796
Investments in other related companies	313,085	0	(71)	0	376,658	(4,463)	(1,268)	683,941
Loans and advances1)	11,634	106	0	0	306	(2,992)	172	9,226
Securities and other financial instruments carried as fixed assets[1)]	1,454	0	0	(1)	62	(42)	21	1,494
Non-current financial assets	**717,799**	**(132)**	**494**	**(8)**	**417,003**	**(52,056)**	**0**	**1,083,100**

[1)] Prior-year figures adjusted for the reclassification of € 1,880 thousand in loans as per IFRS 7.

			Depreciation, amortization and impairments						Carrying amounts	
01/01/2007	Initial consolidation	Decon-solidation	Currency effects	Additions	Disposals	Transfers	Write-ups	12/31/2007	12/31/2007	12/31/2006
93,788	1,995	(778)	48	19,404	(2,657)	(19)	0	111,781	325,135	64,542
6,493	0	0	(8)	3,159	(216)	(27)	0	9,401	15,752	17,428
48,276	0	0	0	0	0	0	0	48,276	363,820	108,472
148,557	**1,995**	**(778)**	**40**	**22,563**	**(2,873)**	**(46)**	**0**	**169,458**	**704,707**	**190,442**
139,268	0	0	(15)	11,461	(2,042)	1,676	0	150,348	427,391	410,794
240,246	0	0	(31)	24,406	(1,989)	(3)	0	262,629	273,051	293,389
104,292	3,520	(542)	87	15,217	(8,447)	49	0	114,176	51,015	48,618
622	0	0	0	0	0	0	0	622	5,332	1,502
484,428	**3,520**	**(542)**	**41**	**51,084**	**(12,478)**	**1,722**	**0**	**527,775**	**756,789**	**754,303**
38,867	**0**	**0**	**0**	**592**	**0**	**(1,676)**	**(15,834)**	**21,949**	**27,369**	**39,472**
			Depreciation, amortization and impairments						Carrying amounts	
41,836	71	0	(2)	183	(10,589)	0	0	31,499	15,242	20,475
0	0	0	0	0	0	0	0	0	639,371	269,332
23,821	145	0	0	28	0	0	0	23,994	23,195	32,975
0	0	0	0	0	0	0	0	0	10,904	683,941
2,132	0	0	0	0	(1,864)	0	(1)	267	6,312	7,094
7	12	0	0	0	(5)	0	0	14	2,898	1,487
67,796	**228**	**0**	**(2)**	**211**	**(12,458)**	**0**	**(1)**	**55,774**	**697,922**	**1,015,304**
								Total fixed assets	**2,186,787**	**1,999,521**

		Depreciation, amortization and impairments							
01/01/2006	Decon-solidation	Currency effects	Additions	Disposals	Transfers	Write-ups	12/31/2006	12/31/2006	12/31/2005
88,085	(45)	35	9,207	(3,494)	0	0	93,788	64,542	64,394
3,610	0	(6)	2,889	0	0	0	6,493	17,428	9,815
47,276	0	0	1,000	0	0	0	48,276	108,472	56,685
138,971	**(45)**	**29**	**13,096**	**(3,494)**	**0**	**0**	**148,557**	**190,442**	**130,894**
128,713	0	(10)	10,545	(73)	93	0	139,268	410,794	417,048
233,991	(1)	(6)	25,375	(19,066)	(47)	0	240,246	293,389	301,521
100,030	(96)	54	14,594	(10,337)	47	0	104,292	48,618	51,223
622	0	0	0	0	0	0	622	1,502	11,730
463,356	**(97)**	**38**	**50,514**	**(29,476)**	**93**	**0**	**484,428**	**754,303**	**781,522**
42,620	**0**	**0**	**836**	**(15)**	**(93)**	**(4,481)**	**38,867**	**39,472**	**37,987**
		Depreciation, amortization and impairments						Carrying amounts	
44,009	0	(1)	82	(2,253)	0	(1)	41,836	20,475	20,153
0	0	0	0	0	0	0	0	269,332	238,532
31,916	0	0	5	(9,175)	1,075	0	23,821	32,975	57,016
5,632	(71)	0	0	(3,976)	(1,075)	(510)	0	683,941	307,453
2,131	0	0	53	(52)	0	0	2,132	7,094	9,503
7	0	0	0	0	0	0	7	1,487	1,447
83,695	**(71)**	**(1)**	**140**	**(15,456)**	**0**	**(511)**	**67,796**	**1,015,304**	**634,104**
							Total fixed assets	**1,999,521**	**1,584,507**

General information

(1) Accounting principles

By application of Section 315a of the German Commercial Code ("HGB"), the consolidated financial statements at December 31, 2007 of Axel Springer AG, Berlin, Germany, were drawn up in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB). All standards and interpretations applicable by law in the European Union for fiscal year 2007 have been observed. The requirements of IFRS were satisfied in full, leading to the presentation of a true and fair view of the assets, financial condition and operating results of Axel Springer AG and the subsidiaries and associates included in the consolidated financial statements (hereinafter referred to as the "Axel Springer Group" or "Group"). To improve the readability of the financial statements, certain individual items of the income statement and balance sheet have been aggregated. These items are explained in the notes to the financial statements. The income statement is formatted in accordance with the cost summary method. The accounting and valuation methods applied are basically the same as those applied in the previous year, with the exception of the changes made to the segmentation of the company's business activities (see Section (37a)) and the changes resulting from the application of new and revised Standards and Interpretations (see Section (3q)).

The consolidated financial statements are denominated in euros. Barring an indication to the contrary, all amounts are stated in euro thousands (€ 000s). The consolidated financial statements and consolidated management report will be filed with the Electronic Federal Gazette in Germany. Axel Springer AG is kept on file with the Commercial Register of the Berlin-Charlottenburg Local Court under the No. 4998.

(2) Consolidation

(a) Consolidation principles

All domestic and foreign subsidiaries in which Axel Springer AG is able to control, directly or indirectly, the financial and operating policies of the company are included in the consolidated financial statements of the Axel Springer Group; please refer to the summary of the consolidation group (cf. Note (48)). The equity consolidation was performed by application of the purchase method as at the date of acquisition. Under the purchase method, the acquired proportion of the fair value of the purchased assets and liabilities of the subsidiary at the date of acquisition are deducted from the cost of acquisition of the interest in the subsidiary. Any remaining positive difference is capitalized as derivative goodwill. Negative goodwill arising on the consolidation of equity at the date of acquisition is recognized immediately as income. The date of acquisition is the date when the ability to control the net assets and the financial and operating activities of the acquired company passes to the Axel Springer Group. Transactions with minority shareholders are accounted for in the same way as transactions with company shareholders. Differences between the sales and purchases of minority interests are set off within equity.

The hidden reserves and liabilities uncovered as a result of the fair value measurement of the assets and liabilities upon initial consolidation are either carried at cost, amortized, or reversed in subsequent periods, depending on the development of the assets and liabilities to which they relate. In subsequent periods, any derivative goodwill is subjected to an impairment test at least once a year and if an impairment loss has been found to exist the carrying amount is written down to the lower realizable value. For purposes of the impairment test, the goodwill acquired in connection with a business combination is assigned at the acquisition date to the cash-generating units of the Group that are expected to benefit from the synergy effects of the business combination. This allocation does not depend on whether any other assets or liabilities of the acquired company have also been assigned to these cash-generating units.

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

Associated companies are included in the consolidated financial statements by application of the equity method (cf. Note (48)). Associated companies are defined as companies in which the Axel Springer Group can exert significant influence over the financial and operating policies of the company. With regard to calculating the goodwill and the proportional fair value of the assets and liabilities, the principles applied to full consolidation apply here as well. The IFRS financial statements of these companies as at the Group's balance sheet date serve as the basis for consolidation by the equity method. Losses from associated companies that do not 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. Intermediate profits are not eliminated when they are immaterial. The separate financial statements of Axel Springer AG and its subsidiaries and associates included in the consolidated financial statements have been drawn up on the basis of uniform accounting and valuation methods.

(b) Consolidation group

The consolidation group of the Axel Springer Group breaks down as follows:

	12/31/2007	12/31/2006
Fully consolidated companies		
Domestic	127	31
Foreign	33	16
Fully consolidated special-purpose entities		
Domestic	4	5
Foreign	0	1
Companies accounted for by the equity method		
Domestic	13	10
Foreign	2	2

The companies included in the consolidation group are listed in Note (48). Pursuant to Section 313 (4) HGB, the list of shareholdings of Axel Springer AG and the Group is to be filed with the Electronic Federal Gazette. The exemption provisions of Section 264 (3) HGB and Section 264 b HGB have been applied with respect to the publication of the separate financial statements of the subsidiaries included in the consolidated financial statements.

The following changes in particular occurred in the consolidation group in fiscal year 2007:

Aside from new business start-ups, the additions to the group of fully consolidated domestic subsidiaries included, in particular, the 83 domestic subsidiaries of PIN Group AG, Leudelingen/Luxembourg, ZANOX.de AG, Berlin (with a 100 % domestic investment), Smarthouse Media GmbH, Karlsruhe, T+M Verlags GmbH, Hamburg, T+M Presse-Marketing GmbH, Hamburg, wallstreet:online AG, Berlin, and wallstreet:online capital AG, Berlin. The subsidiary PPS Presse-Programm-Service GmbH, Berlin was sold.

Having previously been accounted for by the equity method in the consolidated financial statements, PIN Group AG, Leudelingen/Luxembourg, has been fully consolidated since Axel Springer acquired a majority interest in that company's equity.

Outside Germany, the companies Axel Springer Schweiz AG (formerly Jean Frey AG), TR7 AG and Amiado AG, all of which based in Zurich/Switzerland, were fully consolidated for the first time. Likewise, auFeminin.com S.A., Paris/France (including three wholly-owned subsidiaries), Anima Publishers s.r.o., Zlin/Czech Republic, and the seven non-German wholly-owned subsidiaries of ZANOX.de AG were fully consolidated for the first time.

The German company AS-UNIVERSAL-FONDS, which had formerly been fully consolidated as a special-purpose entity, was dissolved. In the group of non-German special-purpose entities, the employee pension fund Personalvorsorgestiftung der Handelszeitung und Finanzrundschau AG, Zurich/Switzerland, was deconsolidated.

The additions to the group of companies accounted for by the equity method included the German companies buecher.de GmbH & Co. KG, Augsburg, Myby GmbH & Co. KG, Düsseldorf, and ZertifikateJournal AG, Veitshöchheim, and the non-German company Doğan TV Holding A.S., Istanbul/Turkey. Please refer to the foregoing comments with regard to the change of consolidation method for PIN Group AG, Leudelingen/Luxembourg.

(c) Acquisitions

In accordance with IFRS 3 Business Combinations, information concerning the business combinations effected during the fiscal year and in the time between the balance sheet date and the release for publication of the annual financial statements must be disclosed in the notes to the financial statements.

The business combination with **Jean Frey AG** (the name of which has since been changed to Axel Springer Schweiz AG) took effect on the closing date of 5. Januar 2007 after the necessary anti-trust approval was received.

At the acquisition date, Axel Springer AG initially purchased about 99.5 % of the equity in Schweizer Verlagsgruppe, which publishes a consumer advice magazine, a TV programming guide and a business magazine. On January 16, 2007, moreover, Axel Springer AG had submitted a takeover offer to the remaining small shareholders. As a result of this takeover offer and other share purchases, Axel Springer AG acquired an additional 7,343 shares at a price of CHF 60.00 (approx. EUR 37.00) per share, out of the total 2,000,000 shares. Thus, Axel Springer AG held approximately 99.9 % of this company's shares at the balance sheet date.

The acquisition costs were paid in cash. Including incidental expenses, they amounted to € 98,272 thousand. Cash and cash equivalents of € 14,635 thousand were acquired as part of this acquisition.

Based on the purchase price allocation, the acquisition costs can be assigned to the acquired assets and liabilities at the acquisition date as follows:

Jean Frey AG

€ thousands	Carrying amount before acquisition	Adjustment amount	Carrying amount after acquisition
Other intangible assets	8,983	48,871	57,854
Goodwill	0	32,166	32,166
Property, plant and equipment	2,558	0	2,558
Other non-current assets	11,823	0	11,823
Current assets	10,648	0	10,648
Cash and cash equivalents	14,635	0	14,635
Deferred tax assets	3,551	0	3,551
Provisions and liabilities	26,082	(2,342)	23,740
Deferred tax liabilities	0	10,883	10,883
Net assets	**26,116**	**72,496**	**98,612**
Minority interests			340
Acquisition Cost			**98,272**

Of the other intangible assets acquired, intangible assets with carrying amounts of € 28,830 thousand have indefinite useful lives. The goodwill arising on this transaction can be credited mainly to the positive expectations for the future business performance of the companies in the Swiss magazine market.

In fiscal 2007, Jean Frey AG and its wholly-owned subsidiary TR7 AG, which have been assigned to the Magazines segment, contributed € 38,269 thousand to the consolidated revenues and - € 153 thousand to the consolidated net income. The contribution to the consolidated net income was burdened by the effects of the purchase price allocation required in accordance with IFRS 3.

After receiving the necessary anti-trust approvals in Germany and abroad, AS Venture GmbH, Berlin, a wholly-owned subsidiary of Axel Springer AG, purchased 60 % of the shares in **ZANOX.de AG** on July 16, 2007. ZANOX.de AG offers advertisers, e-commerce providers, and online shop operators an Internet-based platform for selling their products and services via different channels.

In connection with the acquisition of 60 % of the shares in ZANOX.de AG, Axel Springer AG entered into agreements with PubliGroup AG, Switzerland, the company that acquired the remaining 40 %, to create a future target structure of the zanox Group. According to these agreements, some activities of the zanox Group will be legally spun off and placed under the management control of PubliGroup AG, Switzerland. AS Venture GmbH will hold a significant investment in the spun-off activities. In the consolidated balance sheet at December 31, 2007, the assets and liabilities that are to be included in the spun-off activities are presented as assets held for sale and liabilities related to assets held for sale.

The preliminary acquisition cost for the purchase of 60 % of the shares in ZANOX.de AG is € 160,857 thousand. Besides the purchase price paid in cash, this amount also includes various success-dependent components in the amount of € 24,984 thousand and incidental costs of € 1,305 thousand. Based on the preliminary purchase price allocation, the acquisition cost for the zanox Group can be assigned to the acquired assets and liabilities at the acquisition date as follows:

ZANOX.de AG

€ thousands	Carrying amount before acquisition	Adjustment amount	Carrying amount after acquisition
Other intangible assets	273	66,961	67,234
Goodwill	0	96,038	96,038
Property, plant and equipment	944	0	944
Other non-current assets	36	0	36
Assets held for sale	10,594	42,100	52,694
Other current assets	19,027	0	19,027
Cash and cash equivalents	16,563	0	16,563
Deferred tax assets	54	98	152
Provisions and liabilities	49,323	(472)	48,851
Liabilities in connection with assets held for sale	6,058	0	6,058
Deferred tax liabilities	7	21,325	21,332
Net assets	**(7,897)**	**184,344**	**176,447**
Minority interests			15,590
Acquisition Cost			**160,857**

Of the other intangible assets acquired, intangible assets with carrying amounts of € 27,156 thousand have indefinite useful lives. The goodwill arising on this transaction can be credited mainly to the positive expectations for the future business performance of the companies.

Since the date of initial consolidation, ZANOX.de AG and its eight wholly-owned subsidiaries, which were assigned to the Digital Media segment, have contributed € 86,313 thousand to the consolidated revenues and - € 2 thousand to the consolidated net income. In the period from January to December 2007, the zanox Group generated revenues of € 164,341 thousand and a profit of € 1,361 thousand. The above-mentioned results were burdened by the effects of the purchase price allocation required in accordance with IFRS 3.

After receiving the approval of the German Federal Cartel Office on July 20, 2007, AS Online Beteiligungs GmbH, Berlin, a subsidiary of Axel Springer AG, purchased 41.4 % of the shares of **auFeminin.com S.A.**, Paris/France. Axel Springer AG, which holds 65.5 % of the shares of AS Online Beteiligungs GmbH, has entered into agreements with the latter company's shareholders for call and put options for the acquisition of the remaining shares. As a result of this share purchase, AS Online Beteiligungs GmbH exercises de facto control over the business policy of auFeminin.com S.A. The acquired company operates web portals for women in Europe.

At the balance sheet date, the preliminary acquisition cost for the purchase of auFeminin.com S.A. amounted to € 134,139 thousand. Besides the purchase price paid in cash, this amount also contains conditional purchase price liabilities under put options in the amount of € 39,582 thousand and incidental costs of € 1,290 thousand.

Based on the preliminary purchase price allocation, the acquisition cost can be allocated to the acquired assets and liabilities of the auFeminin Group at the acquisition date as follows:

auFeminin.com S.A.

€ thousands	Carrying amount before acquisition	Adjustment amount	Carrying amount after acquisition
Other intangible assets	2,381	58,413	60,794
Goodwill	0	106,322	106,322
Property, plant and equipment	639	0	639
Other non-current assets	98	0	98
Current assets	12,719	0	12,719
Cash and cash equivalents	15,709	0	15,709
Deferred tax assets	0	0	0
Provisions and liabilities	11,062	0	11,062
Deferred tax liabilities	0	20,112	20,112
Net assets	**20,484**	**144,623**	**165,107**
Minority interests			30,968
Acquisition Cost			**134,139**

Of the other intangible assets acquired, intangible assets with carrying amounts of € 38,674 thousand have indefinite useful lives. The goodwill arising on this transaction can be credited mainly to the positive expectations for the future business performance of the companies in the business of marketing web portals for women.

As a result of the mandatory public takeover offer for all outstanding shares and the additional share purchases on the stock exchange, AS Online Beteiligungs GmbH held 68.2 % of the shares at December 31, 2007. Additional acquisition costs of € 61,420 thousand were incurred for increasing the shareholding.

Since the date of initial consolidation, auFeminin.com S.A. and its subsidiaries, which were assigned to the Digital Media segment, have contributed € 11,214 thousand to the consolidated revenues and € 3,192 thousand to the consolidated net income. In the time from January to December 2007, the auFeminin Group generated revenues of € 22,553 thousand and a profit of € 6,079 thousand. The above-mentioned results were burdened by the effects of the purchase price allocation required in accordance with IFRS 3.

After receiving the approval of the German Federal Cartel Office on July 31, 2007, Axel Springer AG increased its shareholding in **PIN Group AG**, Leudelingen/Luxembourg, from the previous level of 23.5 % to initially 71.6 %, and entered into an agreement for a put and call option to purchase additional shares.

Prior to the acquisition of a majority interest, the mail delivery services provider PIN Group AG had been included in the consolidated financial statements of Axel Springer AG according to the equity method.

The acquisition cost of Axel Springer AG for the acquisition of a majority interest, including the conditional purchase price liabilities under put options, the carrying amount of the shares held in associated companies and the transaction costs, amounted to € 514,949 thousand.

Since the date of effective acquisition, the PIN Group AG and its subsidiaries conducted eleven business combinations. In six cases, the acquisition was effected by means of an in-kind capital contribution in exchange for shares. As a result, the shareholding of Axel Springer AG had been reduced to 63.7 % on the balance sheet date. The acquisition costs of the PIN Group AG and its subsidiaries for these business combinations amounted to € 135,056 thousand, including € 94,146 thousand represented by in-kind capital contributions.

The acquisition of a majority interest by Axel Springer AG and the subsequent acquisitions by the PIN Group are summarized in the table below.

Based on the preliminary purchase price allocation, the acquisition cost can be allocated to the acquired assets and liabilities of the PIN Group as follows:

PIN Group AG

€ thousands	Carrying amount before acquisition	Adjustment amount	Carrying amount after acquisition
Purchased rights and licenses	3,520	57,905	61,425
Goodwill	0	679,421	679,421
Land and buildings, including buildings on non-owned land	1,002	0	1,002
Technical equipment and machinery	16,147	0	16,147
Other equipment, operational and office equipment	9,262	0	9,262
Construction in progress and advance payments	505	0	505
Other non-current assets	7,613	0	7,613
Current assets	61,920	0	61,920
Cash and cash equivalents	26,935	0	26,935
Deferred tax assets	5,704	0	5,704
Provisions and liabilities	213,376	0	213,376
Deferred tax liabilities	0	17,718	17,718
Net assets	**(80,768)**	**719,608**	**638,840**
Minority interests			(11,165)
Acquisition Cost			**650,005**

A purchase price allocation was not conducted for the company acquisitions effected on the level of PIN Group after July 31, 2007. The amount of goodwill attributable to these transactions (€ 131,491 thousand) was determined in a simplified manner, by comparing the acquisition cost with the proportion of equity acquired at the carrying amounts.

Of the other intangible assets acquired, intangible assets with carrying amounts of € 43,015 thousand have indefinite useful lives.

Since the date of initial consolidation, the PIN Group AG and its subsidiaries, which were assigned to the Logistics/ Services/Holding segment, contributed € 127,036 thousand to revenues (the revenues being presented separately from consolidated revenues as discontinued operations in accordance with IFRS 5) and - € 75,533 thousand to the consolidated net income.

In the time from January to December 2007, PIN Group AG and its subsidiaries generated revenues of € 279,910 thousand and a net loss of € 113,725 thousand. These figures include the revenues and net income/losses of the subsequent business combinations by PIN Group AG and its subsidiaries only from the respective acquisition dates. The above-mentioned results were burdened by the effects of the purchase price allocation required in accordance with IFRS 3 and by writedowns.

Due to the intention of Axel Springer AG to sell its majority interest in PIN Group AG, the assets and liabilities of the PIN Group and its subsidiaries have been presented as discontinued operations (within the Logistics/Services/ Holding segment). Therefore, the figures for the non-current assets (additions and reclassifications) in the consolidated statement of changes in equity and for the capital expenditures in the segment report were combined with the initial consolidation figures and were not presented separately in the consolidated statement of changes in equity or in the segment report, by way of simplification. For more information on the discontinued operations, please refer to Sections (14) and (33).

The following other business combinations were effected in fiscal year 2007:

On January 29, 2007, after receiving the necessary anti-trust approval, VISION MEDIA Holding GmbH, Hamburg, a wholly-owned subsidiary of Axel Springer AG, acquired **T+M-Verlagsgruppe**. To this end, VISION MEDIA Holding GmbH increased its shareholding in T+M Verlags GmbH, Hamburg, from 48.8 % to 95 %. The principal business activity of T+M-Verlagsgruppe consists in the publication of a customer magazine.

On May 14, 2007, after receiving the approval of the German Federal Cartel Office and the German Federal Financial Services Supervisory Authority ("BaFin") and paying the preliminary purchase price, Axel Springer Finanzen Verlag GmbH, Munich, a wholly-owned subsidiary of Axel Springer AG, purchased 50.1 % of the shares in **wallstreet:online AG**, Berlin and 75.1 % of the shares in **wallstreet:online capital AG,** Berlin. wallstreet:online AG operates a web portal that provides information about the capital markets and financial investments. As a financial services institution, wallstreet:online capital AG is primarily active in the business of online investment fund brokerage. By exercising its put and call options, Axel Springer Finanzen Verlag GmbH can increase its shareholding of wallstreet:online AG to a maximum limit of 75.1 % in the time until 2011.

By share purchase agreement of April 20, 2007, Handelszeitung Fachverlag AG, Zurich/Switzerland, a wholly-owned subsidiary of Axel Springer AG, purchased all the shares of **Amiado AG**, Zurich/Switzerland. Among other activities, this company operates the biggest online portal for university students and the leading online portal for secondary school students in Switzerland.

On July 24, 2007, after receiving the necessary anti-trust approvals, Jean Frey AG, Zurich/Switzerland, acquired the German-language TV programming guides **TELE, TV4** and **TV2**.

By share purchase agreement of March 9, 2007, Axel Springer Praha a.s., Prague/Czech Republic, a wholly-owned subsidiary of Axel Springer AG, acquired 74.9 % of the shares of **Anima Publishers s.r.o.**, Zlin/Czech Republic. In addition, the Axel Springer subsidiary acquired options to purchase the remaining shares. This company operates the Czech auto portal auto.cz and its spin-offs roadlook.pl and roadlook.sk.

Axel Springer AG spun off the **ims Internationaler Medien Service** department of its wholly-owned subsidiary Axel Springer Verlag Vertriebsgesellschaft mbH, Hamburg, and contributed it to its newly formed subsidiary ims Internationaler Medienservice GmbH & Co. KG, Hamburg. PVG Presse-Vertriebs-Gesellschaft KG received 44 % of the shares in ims Internationaler Medienservice GmbH & Co. KG in exchange for contributing its Subscriptions department. The resulting company combines the services of a book store, a forwarding agent and an international subscriptions agency.

The preliminary total acquisition costs of these other acquisitions amounted to € 63,386 thousand. Of this total, the purchase prices paid in cash amounted to € 56,248 thousand, including € 2,473 thousand that was paid in prior years. The total figure also includes € 220 thousand in transaction costs and € 2,456 thousand for the granting of shares. Additional purchase price components result from put options and earn-out agreements. These obligations were recognized as a provision in the balance sheet, measured at the present value of the expected settlement amount of € 4,462 thousand.

Based on preliminary purchase price allocations, the acquisition costs of these business combinations can be allocated to the acquired assets and liabilities at the acquisition dates as follows:

Other acquisitions

€ thousands	Carrying amount before acquisition	Adjustment amount	Carrying amount after acquisition
Other intangible assets	26,459	39,211	65,670
Goodwill	0	23,227	23,227
Property, plant and equipment	383	0	383
Other non-current assets	748	0	748
Current assets	4,924	0	4,924
Cash and cash equivalents	5,866	0	5,866
Deferred tax assets	468	0	468
Provisions and liabilities	12,312	(66)	12,246
Deferred tax liabilities	72	14,484	14,556
Net assets	**26,464**	**48,020**	**74,484**
Minority interests			11,098
Acquisition Cost			**63,386**

Of the other intangible assets acquired, intangible assets with carrying amounts of € 30,937 thousand have indefinite useful lives. Of the goodwill arising on these acquisitions, an amount of € 18,434 thousand was assigned to the Digital Media segment, € 3,323 thousand to the Magazines segment and € 1,470 thousand to the Logistics/Services/Holding segment. These amounts of goodwill can be credited mainly to the positive expectations for the future business performance of the respective companies.

Since the dates of initial consolidation, these companies together have contributed € 22,146 thousand to the consolidated revenues and € 3,763 thousand to the consolidated net income. In the time from January to December 2007, these companies generated revenues of € 43,848 thousand and profits of € 4,896 thousand.

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

The assets and liabilities of subsidiaries for which the functional currency is not the euro have been translated at the exchange rate in effect on the balance sheet date. Derivative goodwill and hidden reserves and liabilities that have been recognized in connection with the first-time consolidation of a subsidiary have also been translated at the exchange rate in effect on the balance sheet date. Items of the income statement have been translated at the weighted average exchange rate for the year in question. Equity components of the subsidiaries have been translated at the respective historical exchange rate at the date of origination. The foreign exchange differences resulting from the translation have been recognized as a currency translation adjustment within the item of accumulated other comprehensive income and/or minority interests.

The exchange rates to the euro used to translate significant foreign financial statements underwent the following changes from the preceding year:

Unit of foreign currency per one euro	Average exchange rate		Exchange rate on balance sheet date	
	2007	2006	12/31/2007	12/31/2006
Polish zloty	3,783	3,901	3,594	3,826
Russian ruble	35,018	34,178	36,108	34,692
Swiss franc	1,643	1,577	1,657	1,608
Czech koruna	27,766	28,276	26,589	27,528
Hungarian forint	251,350	264,208	253,333	251,495

(3) Explanation of significant accounting and valuation methods

(a) Basic principle

As a rule, the consolidated financial statements have been prepared in accordance with the principle of acquisition cost. Exceptions to this rule are made for derivative financial instruments, available-for-sale non-current financial assets and assets held for sale, which are measured at fair value and at fair value less the costs to sell, respectively.

(b) Recognition of income and expenses

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

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

In the case of business activities about which it can be determined that the significant risks and rewards do not lie with the Axel Springer Group or the income is collected in the interest of third parties, only the corresponding commission income or proportion of revenue accruing to the Axel Springer Group are recognized as revenues.

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

Other income is recognized when the future inflow of economic benefits is probable and the amounts can be measured reliably.

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

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

(c) Intangible assets

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

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

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

(d) Property, plant and equipment

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

Leased assets over which a company of the Axel Springer Group retains beneficial ownership (finance leases) are recognized as fixed assets and measured at the present value of the minimum future lease payments or the lower fair value of the leased asset and depreciated by the straight-line method. The present value of the payment obligations associated with the minimum future lease payments is recognized as a liability. For depreciation purposes, the following useful lives have been established as uniform guidelines for the entire Group:

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

When it is reasonably certain that ownership of the assets leased under finance lease will pass to a company of the

Axel Springer Group at the end of the lease period, such assets are depreciated over their useful lives. Low-value assets are fully expensed in the year of acquisition.

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

(e) Investment property
In accordance with the cost model option defined in IAS 40, investment property which the Axel Springer Group intends to lease out to third parties is measured at amortized cost. Such property is depreciated by the straight-line method over a useful life of 50 years.

(f) Recognition in impairment losses in tangible assets and in property, plant and equipment
Impairment losses are recognized in intangible assets, including derivative goodwill, and in property, plant and equipment, when as a result of certain events or changed circumstances the carrying amount of the asset is no longer matched by the expected net selling price or the discounted sum of future cash flows from the continued use of the asset. If it is not possible to determine the recoverable amount of an individual asset, the cash flow for the next-higher group of assets for which such a cash flow can be determined is applied.

For purposes of conducting the impairment test, derivative goodwill, title rights and brand rights are allocated to the reporting units to which these items have been assigned in the internal reporting system of the Axel Springer Group. In general, these reporting units correspond to specific titles and digital media of the Axel Springer Group, including, in particular, the separate titles, digital media and subsidiaries within a single group. The impairment test is conducted on the basis of the value in use, determined as the sum of the estimated future cash flows, which are derived from the company's Medium-Term Plan. The planning horizon for the detailed Medium-Term Plan 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 %, 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 % to 11.8 % after taxes.

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

Impairment losses are reversed when in the time since the last impairment loss was recognized the estimated future cash flows applied to determine the recoverable amount have changed and the value in use exceeds the carrying amount of the asset. In such cases, the highest amount to which the asset can be restated is that amount which would have resulted if the impairment loss had not been recognized. A recognized impairment loss in goodwill is never reversed.

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

In the Axel Springer Group, the initial recognition and derecognition of financial instruments coincide with the settlement dates of customary market purchases and sales.

Financial assets

Non-current financial assets and securities
Investments in subsidiaries and associates that have not been consolidated or included by the equity method in the consolidated financial statements are classified for valuation purposes as available-for-sale financial assets

according to IAS 39. Upon initial recognition, they are measured at fair value, as a rule, if the fair value can be determined reliably. Other investments are measured at amortized cost, if no stock exchange or market price is available and if the fair value can not be determined reliably by means of recognized valuation methods. Other non-current financial assets and instruments are categorized, depending on their nature and purpose, either as “available-for-sale” financial instruments or “loans and receivables.” Furthermore, options to buy shares in unlisted companies in which the Axel Springer Group holds an investment are carried at amortized cost because it is not possible to reliably determine the fair value of such derivatives

The common shares and preferred shares of ProSiebenSat.1 Media AG, which are held for the segment of SAT.1 Beteiligungs GmbH that is assigned to the Axel Springer Group, are categorized as assets held for sale. The fair values were determined at the balance sheet date on the basis of the purchase agreement of December 10/11, 2007 with Lavena Holding 5 GmbH, an investment company controlled by KKR and Permira. According to the purchase agreement, the purchase price was € 22.30 per common share and € 16.50 per preferred share. In the previous year, the shares had been measured on the basis of comparison transactions. The comparison transactions applied were the purchase agreement by Lavena Holding 4 GmbH for the acquisition of their majority interest in ProSiebenSat.1 Media AG, dated December 14, 2006, and the public takeover offer by Lavena 4 Holding GmbH to the shareholders of ProSiebenSat.1 Media AG dated January 26, 2007. The purchase price offered in the public takeover offer was EUR 28.71 for each common share and EUR 22.45 for each preferred share. The purchase prices for both classes of shares were reduced by a slight discount to account for the prohibition on the sale of these shares which was in effect until January 2007.

The sale transaction with Lavena Holding 4 GmbH for the ProSiebenSat.1 shares held indirectly by Axel Springer AG was finalized on January 15, 2008.

The fair value of the other financial instruments of this category is determined by application of the discounted cash flow (DCF) method. However, the income from investments is considered to be not reliably measurable in those cases when sufficiently detailed information is not available, when the fungibility/comparability of the investments in such companies are highly restricted, when the Axel Springer Group has no influence on the profit distribution policies of the company by virtue of its status as a minority shareholder or when the distributions do not regularly occur in the same or subsequent fiscal year. Any unrealized gains or losses resulting from the changes in fair value of the financial instruments are recognized in accumulated other comprehensive income and the resultant tax effects are taken into account. Changes in fair value are not recognized in income until the corresponding non-current financial assets are sold or a permanent impairment loss is recognized. An impairment loss is recognized for such assets when the recoverable amount is less than the carrying amount, based on the originally determined effective rate of interest.

Receivables and other financial assets categorized as loans and receivables

Receivables and certain other financial assets are categorized as *loans and receivables*. The financial instruments assigned to this category are measured initially at fair value plus the transaction costs that are directly attributable to the acquisition. In subsequent periods, they are measured at amortized cost, after deduction of any writedowns, using the effective interest method. A writedown is taken when objective indications suggest that the amount receivable may not be collectible in full. Such an indication might be the insolvency or other considerable financial difficulty of the debtor, for example. The amount of the writedown 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. In the Axel Springer Group, writedowns are charged against income both in the form of an account for allowances on doubtful accounts and by means of direct writedowns. 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 it would be discovered that the fair value has objectively risen, the writedowns are reversed and recognized in income in the appropriate amounts.

Cash and cash equivalents

The cash and cash equivalents consist of cash and marketable securities. Cash consists of cash in banks and of cash and checks on hand. Due to being categorized as loans and receivables, these items are measured at amortized cost.

Financial liabilities

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

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

Derivative financial instruments

Derivative financial instruments are utilized in the Axel Springer Group exclusively to hedge against currency and interest rate risks that have an influence on future cash flows. Provided that these derivative financial instruments meet the conditions of IAS 39 for the application of hedge accounting, 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 charged off when the underlying transaction is recognized on the balance sheet or income statement. Those derivatives of the Group that do not meet the conditions of IAS 39 for the application of hedge accounting, despite their economic hedging effect, are categorized as held for trading. The fair value changes of these derivative financial instruments are recognized in income.

Fair value of financial instruments

The fair values of financial instruments are determined on the basis of appropriate market prices or valuation methods. In the case of cash and other short-term non-derivative financial instruments, the fair values are equivalent to the carrying amounts at the respective reporting dates. In the case of long-term receivables and other financial assets and liabilities, the fair values are determined as the sum of the expected cash flows based on reference interest rates in effect on the balance sheet date. The fair values of derivative financial instruments were determined on the basis of the forward exchange rates and reference interest rates in effect on the balance sheet date.

(h) Inventories

Inventories are measured at cost. Costs of purchase are determined on the basis of a weighted average value. Production costs include all costs directly related to the units of production and production-related overhead costs. Inventories are measured at the balance sheet date as the lower of the purchase or conversion cost and the net realizable value. The net realizable value is the estimated selling price less the 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 the finished goods and services less the remaining costs of completion. Semi-finished goods from the production processes of the printing plants are measured at their respective fully-costed carrying amounts. If the fully-costed carrying amounts of commercial printing jobs are higher than the corresponding market values at the balance sheet date, they are marked down to the expected net selling prices. Original values are reinstated whenever the reasons justifying an earlier writedown no longer exist.

(i) Assets held for sale and discontinued operations

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

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

(j) Pension provisions
The provisions for pension obligations under defined benefit plans are calculated by the projected unit credit method, in accordance with IAS 19, under which future changes in compensation and benefits are taken into account. The pension obligations are measured on the basis of expert actuarial opinions. The following parameters were applied in the 2007 and 2006 fiscal years:

	2007	2006
Discount rate, in %	3.0 / 5.4	4.5
Expected return on plan assets, in %	3.25 – 3.5	-
Salary trend, in %	1.5 – 2.0	0 – 2.5
Pension trend, in %	0.25 – 2.0	1.75
Duration of pension benefits at start of retirement (years)	17.90 – 29.10	17.90 – 29.10

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

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

(k) Other provisions
Other provisions have been formed to account for all discernible legal and constructive obligations of the Axel Springer Group to third parties, provided that the settlement of the obligation is probable and the amount of the obligation can be reliably estimated. In accordance with IAS 37, 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 present value at the balance sheet date by application of appropriate market rates of interest. Provisions are recognized for restructuring expenses only when the intended measures have been sufficiently concretized and announced on or before the balance sheet date.

(l) Deferred taxes
Deferred taxes are recognized to account for the future tax effects of temporary differences between the tax bases of assets and liabilities and the carrying amounts of such assets and liabilities in the IFRS financial statements and for loss carry-forwards. Deferred taxes are measured on the basis of the tax laws enacted prior to the end of the fiscal year in which it is probable that the differences will reverse or the tax losses can be utilized. Deferred tax assets are recognized for temporary differences or tax losses only when the ability to utilize them in the near future appears to be reasonably certain. Deferred tax liabilities are recognized to account for temporary differences resulting from the fair value measurement of assets and liabilities obtained through acquisitions. Deferred taxes are recognized for temporary differences relating to derivative goodwill only when the derivative goodwill can be utilized for tax purposes. Deferred tax assets and liabilities between companies forming an integrated intercompany relationship for tax purposes 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) Management Participation Program
The Management Participation Plan for members of the Management Board that was approved by the shareholders at the annual meeting of April 14, 2004 is accounted for in accordance with IFRS 2. The compensation components of the Management Participation Plan to be recognized as expenses over the vesting period are measured as the fair value of the entitlement to purchase shares and the options granted at the time when they were granted. The fair values of the entitlement to purchase shares and the options granted are determined on the basis of the Black-Scholes model.

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

(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 at the exchange rate on the balance sheet date. Any foreign exchange gains or losses resulting from such translations are recognized in income.

(p) Use of estimates

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

(q) Newly published accounting standards of the IASB

The application of the revised Standards and Interpretations did not have any effects on the net assets, financial position and earnings of the Group. However, they have necessitated additional disclosures.

The new or revised IFRS/IAS and Interpretations described below were applied for the first time in 2007:

IFRS 7 Financial instruments: Disclosures. This Standard requires additional disclosures that will enable the users of the financial statements to assess the impact of financial instruments on the financial position and earnings capacity of the Group and evaluate the nature and extent of the risks associated with these financial instruments. The additional disclosures necessitated by the revised Standard are provided in the notes to the balance sheet and income statement items that relate to financial instruments and in Section (40 ff.).

IAS 1 Presentation of financial statements. The revised version of this Standard requires additional disclosures that will enable the users of the financial statements to assess the Group's goals, methods and processes in the area of capital management. The new disclosures are provided in Section (39).

IFRIC 8 Scope of IFRS 2. This Interpretation requires the application of IFRS 2 to all corporate transactions involving equity instruments granted to employees, with regard to which the company can not specifically identify some or all of the goods or services provided in return.

IFRIC 9 Reassessment of embedded derivatives. According to this Interpretation, an enterprise must always assess a contract for structured instruments at the time of entering into the contract, in order to determine whether the contract contains an embedded derivative. A reassessment is permitted only when the contract terms have been changed significantly, leading to a significant change in the cash flows.

IFRIC 10 Interim financial reporting and impairments. This Interpretation provides that any impairment loss in goodwill or in an investment in equity or financial assets carried at cost recognized in connection with the interim financial statements should not be reversed in the subsequent financial statements.

New or changed IFRS/IAS and Interpretations to be applied for the first time in subsequent fiscal years:

The application of the revised Standards und Interpretations described below is not expected to have any significant effects on the net assets, financial position and earnings capacity of the Group. However, they will necessitate additional disclosures in some cases.

IFRS 8 Business segments. This Standard is applicable for the first time in fiscal years that begin on or after January 1, 2008. It requires the disclosure of information concerning the Group's operating segments and supersedes the obligation to utilize primary (operational) segments and secondary (geographical segments) in the Group's segment reporting. The first-time application of IFRS 8 will result in a different reporting format than the format used in the current segment report.

IAS 1 (revised) Presentation of financial statements. According to the revised IAS 1, non-owner changes in equity must be presented separately from owner-related changes in equity and additional disclosures must be made regarding the accumulated other comprehensive income. The revised IAS 1 is applicable for the first time in fiscal years that begin on or after January 1, 2009.

IAS 23 Borrowing costs. The revised Standard is applicable for the first time in fiscal years that begin on or after January 1, 2009. The Standard provides that borrowing costs which can be allocated to a qualifying asset must be capitalized. In accordance with the transitional provisions of the Standard, the Group will apply this change prospectively. Accordingly, those borrowing costs that can be allocated to qualifying assets will be capitalized as of January 1, 2009. The revised standard will have no effect on those borrowing costs incurred in the past that were recognized immediately as expenses in the income statement.

IFRIC 13 Customer loyalty programs. This Interpretation is applicable for the first time in fiscal years that begin on or after July 1, 2008. According to this Interpretation, award credits (points) granted to customers must be presented as separate revenues from the revenues for the transaction in relation to which they were granted. Therefore, a portion of the fair value of the consideration received must be allocated to the awarded credits (points) and recognized as deferred income on the equity and liabilities side of the balance sheet. The corresponding revenues will be recognized in the period in which the award credits (points) are exercised or forfeited.

The application of the following revised Interpretations is not expected to have any effects on the net assets, financial position and earnings of the Group because the matters to which these Standards and Interpretations relate do not occur within the Group.

IFRIC 11: Group and treasury share transactions (applicable for the first time in fiscal years that begin on or after January 1, 2008).

IFRIC 12: Service concession agreements (applicable for the first time in fiscal years that begin on or after January 1, 2008).

IFRIC 14: The limit on a defined benefit asset, minimum funding requirements and their interaction (applicable for the first time in fiscal years that begin on or after January 1, 2008).

Notes to the Consolidated Balance Sheet

(4) Intangible assets

The changes occurring in the individual items of the Group's intangible assets are presented in the Statement of Changes in Fixed Assets. The carrying amounts of intangible assets with indefinite useful lives, provided they are not presented as goodwill, amounted to € 174,266 thousand (PY: € 42,546 thousand), due to the acquisitions effected in the current fiscal year.

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

An impairment loss of € 414 thousand (PY: € 1,447 thousand) was recognized in the carrying amounts of purchased software that can no longer be used in the Axel Springer Group. No impairment losses were recognized in the goodwill of continuing operations in 2007. In 2006, an impairment loss of € 1,000 thousand was recognized in the goodwill of Axel Springer Praha a.s.

(5) Property, plant and equipment

The changes occurring in property, plant and equipment are summarized in the Statement of Changes in Fixed Assets.

Assets under finance leases are presented exclusively in the category of "technical equipment and machinery." These assets consisted of four IT servers, for which a sale-and-lease-back agreement with a term of three years was concluded in 2005. The residual carrying amounts of the IT servers totaled € 116 thousand at the balance sheet date (PY: € 466 thousand).

At December 31, 2007, items of property, plant and equipment with acquisition or production costs of

€ 135,289 thousand (PY: € 108,966 thousand) were being used, although they have been fully depreciated.

(6) Investment property

Some of the space in the new building in Berlin that was completed in 2004 is not being used by Group companies, but serves the purpose of generating rental income over the long term. Due to the planned relocation of the editorial departments of Bild and Bild am Sonntag from Hamburg to Berlin, some space of the new building in Berlin that had formerly been set aside for rental to third parties had to be rededicated for the company's own use. Consequently, the company recognized income from the write-up (reversal of prior impairment losses) of that portion of the building classified as investment property according to IAS 40. As a result of the relocation of editorial departments, the new building in Berlin will be nearly filled up. The occupancy rate at December 31, 2007 was about 98 %.

The fair value of the real estate investment property at December 31, 2007 amounted to € 27,369 thousand (PY: € 39,472 thousand). The rededication of space resulted in a write-up of € 15,834 thousand (PY: write-up of € 4,481 thousand). The fair value was determined by application of the discounted cash flow method, with reference to the estimated cash flows from the rental of the property. In calculating this value, a discount rate of 8.0 % and a perpetuity capitalization rate of 7.0 % were applied.

Rental revenues of € 2,716 thousand (PY: € 2,316 thousand) were generated and rental expenses of € 1,165 thousand (PY: € 1,036 thousand) were incurred in fiscal year 2007. Directly allocable expenses of € 326 thousand (PY: € 965 thousand) were incurred for the space that had not yet been rented.

(7) Non-current financial assets

The changes in non-current financial assets are summarized in the Statement of Changes in Fixed Assets.

The Group's share of the profits of the associated companies accounted for by the equity method amounted to € 27,268 thousand (PY: € 26,005 thousand). The Group's share of those companies' revenues amounted to € 471,936 thousand (PY: € 365,725 thousand), of their assets € 565,317 thousand (PY: € 370,907 thousand) and of their liabilities € 359,308 thousand (PY: € 234,227 thousand), based on the figures presented in their financial statements. PIN Group AG, which had been accounted for by the equity method until the Group's acquisition of a majority interest in that company in July 2007, is not included in these figures for 2007 and 2006 because it is classified as discontinued operations. The changes from the previous year were mainly due to the first-time consolidation of several associated companies in 2007 (see Section (2b)).

For more information on the shares in non-consolidated subsidiaries and on the available-for-sale financial instruments contained in the financial instruments presented as fixed assets, please refer to Section (40).

(8) Inventories

The inventories break down as follows:

€ thousands	12/31/2007	12/31/2006
Raw materials and supplies	32,556	35,676
Semi-finished goods	2,994	2,686
Finished goods and merchandise	2,440	1,850
Inventories	**37,990**	**40,212**

Inventories of € 9,128 thousand (PY: € 9,246 thousand) were measured at their net realizable value. At December 31, 2007, the valuation allowance for these inventories amounted to € 2,450 thousand (PY: € 2,870 thousand), of which € 1,224 thousand (PY: € 2,392 thousand) was recognized in income in 2007.

(9) Trade receivables

The trade receivables break down as follows:

€ thousands	12/31/2007	12/31/2006
Trade receivables, nominal	278,193	213,040
Allowances for doubtful trade receivables	(8,972)	(9,506)
Trade receivables	**269,221**	**203,534**

The increase in trade receivables was due in particular to the changes resulting from the extended consolidation group.

The changes in the valuation allowances for trade receivables are presented in the table below.

€ thousands	2007	2006
Balance at January 1	9,506	8,443
Addition due to initial consolidation	1,283	22
Consumption	(6,648)	(2,788)
Reversals	(558)	(841)
Disposal due to deconsolidation	(218)	(28)
Additions	4,961	4,676
Other changes	646	22
Balance at December 31	**8,972**	**9,506**

At December 31, 2007, receivables in the amount of € 167,166 thousand (PY: € 147,370 thousand) were neither past due nor the subject of individual valuation allowances. With regard to these receivables, there were no indications at the balance sheet date that would suggest that the customers would not fulfill their payment obligations.

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

€ thousands	12/31/2007	12/31/2006
up to 30 days	50,691	36,957
31 to 90 days	18,828	10,102
91 to 180 days	5,802	2,646
181 to 360 days	6,785	2,536
361 days and longer	5,528	3,794

These amounts resulted mainly from counter-sales. The increase over the previous year was due in particular to the companies acquired in 2007. In the Digital Media segment, some trade receivables must be classified as being due as soon as they are constituted.

(10) Receivables due from related parties

The receivables due from related parties break down as follows:

€ thousands	12/31/2007	12/31/2006
Receivables due from companies accounted for by the equity method	38,376	40,241
Receivables due from other associated companies	12,148	14,973
Receivables due from other subsidiaries	7,309	8,958
Receivables due from other related parties	5,584	7,186
Receivables due from related parties	**63,417**	**71,358**

The receivables due from companies accounted for by the equity method contain a reimbursement claim for pension obligations in the amount of € 30,684 thousand (PY: € 31,764 thousand) (See Section (16)).

The changes in the valuation allowances for receivables due from related parties are presented in the table below.

€ thousands	2007	2006
Balance at January 1	7,000	26,336
Addition due to initial consolidation	402	0
Consumption	0	(19,795)
Reversals	(58)	(55)
Disposal due to deconsolidation	0	0
Additions	833	514
Other changes	0	0
Balance at December 31	**8,177**	**7,000**

At December 31, 2007, receivables in the amount of € 59,479 thousand (PY: € 68,820 thousand) were neither past due nor the subject of individual valuation allowances. With regard to these receivables, there were no indications at the balance sheet date that would suggest that the customers would not fulfill their payment obligations. For more information on this subject, please refer to Section (43).

(11) Income tax receivables

By virtue of the law enacted on December 31, 2006 on the tax measures related to the introduction of European Companies and the amendment of other tax regulations (SEStEG), the corporate income tax credit established in connection with the transition from the credit method to the half-income method will be disbursed in 10 equal annual installments, beginning in 2008. This claim was discounted to present value and recognized as an asset in the amount of € 52,938 thousand in 2006. At December 31, 2007, the balance had risen to € 53,548 thousand (including a non-current portion of € 46,511 thousand), due to compounding.

The increase in the current income tax receivables resulted mainly from the expected tax refunds for the past fiscal year.

(12) Other financial assets

The other financial assets break down as follows:

€ thousands	12/31/2007	12/31/2006
H&F Call Option	29,646	45,911
Securities maturing in longer than 3 months	20,242	0
Receivables from Kirch insolvency	13,000	33,590
Derivatives	4,351	0
Credit balances in accounts payable	4,249	1,985
Receivables due from employees	1,949	1,937
Other	18,730	22,782
Other financial assets	**92,167**	**106,205**

By agreement of April 8, 2004, the shareholders H&F Rose Partners, L.P. and H&F International Rose Partners, L.P. (collectively referred to as "H&F" in the following) granted to Axel Springer AG call options for the purchase of Axel Springer AG shares. The exercise of these options is subject to the condition that options be exercised by the Management Board under the corresponding Management Participation Plan. Thus, Axel Springer AG is entitled to purchase one share from H&F for every share issued to a member of the Management Board under the Management Participation Plan. In the event that H&F would no longer have a sufficient number of Axel Springer AG shares to settle the call options because it would have sold the shares, Axel Springer AG will be entitled to a cash settlement in the amount of the difference between the sale price attained by H&F on the sale of its shares and the exercise price of the call option. The amount of the cash settlement will be determined with reference to the number of options which the Management Board will still be entitled to exercise. According to IAS 32, the call options must be recognized as non-current financial assets and measured at fair value on the balance sheet date because of the settlement obligation of H&F. The fair value is determined by application of an option pricing model. At the time when H&F granted the options to Axel Springer, the fair value of the options was EUR 19,800 thousand. Because the granting of options by H&F is categorized as a shareholder transaction, the additional paid-in capital was increased by the amount of the fair value. The changes in fair value of the options in the time after they were granted are recognized in the item of other net financial income/expenses.

An additional down payment of € 13,000 thousand (PY: € 26,000 thousand) is expected in 2008 on a receivable due from KirchMedia GmbH & Co KGaA i.L., which has been written down to a token value. The receivables that have been accepted in the table of claims by the insolvency administrator originally totaled € 325,000 thousand.

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

(13) Miscellaneous assets

The miscellaneous assets at the balance sheet date break down as follows:

€ thousands	12/31/2007	12/31/2006
Receivables from other taxes	8,758	12,576
Accruals	12,422	7,294
Other assets	**21,180**	**19,870**

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

The acquisition of a majority interest in the equity of PIN Group AG occurred in July 2007. Due to the change that has occurred in the political framework conditions, the resulting elimination of the economic basis of the business model and to protect the core business, the Management Board resolved in December to divest the Group of its majority interest in that company. Furthermore, the Management Board resolved not to provide any further financing.

As a result of the changed situation, a positive purchase price for the shares in PIN Group could no longer be assumed. Therefore, all the assets and liabilities of PIN Group AG were classified as held for sale and written down to a net asset value of zero, with due consideration given to the minority interests presented in the consolidated financial statements.

On January 25, 2008, the parent company of the PIN Group filed an application for insolvency proceedings. At this time, the held-for-sale assets and liabilities were deconsolidated, the effects of which were recognized directly in equity.

On the basis of the agreement of December 12, 2007 for the sale of the 12 % holding of common and preferred shares of SAT.1 Beteiligungs GmbH that were held indirectly by Axel Springer AG and the directly held shares in that company (assigned to the Digital Media segment), the assets and liabilities were aggregated to form a disposal group and presented separately in the balance sheet as assets held for sale and liabilities related to held-for-sale assets. Due to various conditions precedent, the sale transaction was not finalized until January 15, 2008.

For information on the disposal group created in connection with the acquisition of ZANOX.de AG, please refer to Section (2 c). The disposal of this disposal group is planned to occur by mid-2008.

The primary groups of assets and liabilities of discontinued operations and the disposal groups at December 31, 2007 are presented in the table below:

€ thousands	PIN Group	SAT.1	Zanox	Total
Purchased rights and licenses	60,351	0	17	60,368
Internally generated rights	233	0	0	233
Goodwill	72,040	0	42,083	114,123
Land and buildings, including buildings on non-owned land	946	0	0	946
Technical equipment and machinery	5,195	0	0	5,195
Other equipment, operational and office equipment	22,455	0	427	22,882
Construction in progress	206	0	0	206
Non-current financial assets	22,292	509,360	0	531,652
Trade receivables	38,413	0	2,243	40,656
Cash and cash equivalents	20,184	5,477	1,815	27,476
Other assets	20,064	6,202	688	26,954
Deferred tax assets	0	0	5	5
Assets held for sale	**262,379**	**521,039**	**47,278**	**830,696**
Provisions	5,498	208	374	6,080
Financial liabilities	94,385	0	5	94,390
Trade payables	28,683	16	2,965	31,664
Other liabilities	99,653	3,349	1,711	104,713
Deferred tax liabilities	17,276	4,424	0	21,700
Liabilities in connection with assets held for sale	**245,495**	**7,997**	**5,055**	**258,547**
Net balance of assets and liabilities	**16,884**	**513,042**	**42,223**	**572,149**

The following additional disclosures regarding the trade receivables and financial liabilities of discontinued operations are required by IFRS 7. Because the PIN Group was not classified as held for sale in 2006, there are no prior-year comparison figures.

At December 31, 2007, trade receivables of the PIN Group in the amount of € 26,431 thousand were neither past-due nor the subject of individual valuation allowances. The age structure of the past-due receivables is presented in the table below:

€ thousands	12/31/2007
up to 30 days	8,944
31 to 90 days	1,992
91 to 180 days	1,043
181 to 360 days	3

Total valuation allowances of € 1,991 thousand were recognized in respect of the trade receivables.

At December 31, 2007, the financial liabilities of discontinued operations showed the following maturity structure. These figures were calculated on the basis of contractual cash flows, not discounted cash flows.

€ thousands	Due on sight	up to 1 year	1 to 5 years	Total
Interest-bearing loans	25,292	93,322	15,409	134,023
Trade payables and other liabilities	0	71,142	19,827	90,969

(15) Equity

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

(a) Subscribed capital

The subscribed capital of € 98,940,000.00 is fully paid up. Based on the percentage of subscribed capital that each share represents, the shares are valued at € 3.00 per share. The subscribed capital is divided into 32,980,000 registered shares, which can be transferred only with the consent of the company. By resolution of the Management Board of November 6, 2007, based on the authorization of the annual shareholders' meeting, 1,020,000 treasury shares with a value of € 3,060 thousand were retired and the share capital was reduced by way of a simplified capital reduction.

(b) Additional paid-in capital

The additional paid-in capital resulted primarily of a shareholder contribution in the form of financial instruments granted in 2004 (H&F call option, see Section (12)). The additional paid-in capital also contains the imputed compensation component of the Management Participation Plan, which was simultaneously recognized as personnel expenses, in accordance with IFRS 2 (see Section (15f)). The amount gained from the reduction of the share capital was appropriated to the additional paid-in capital in 2007.

(c) Consolidated retained earnings

The consolidated retained earnings comprise the profits of the companies included in the consolidated financial statements for past periods and the current period. The consolidated retained earnings contain the following retained earnings accounts of Axel Springer AG, which are not available for distribution due to statutory restrictions or the restrictions set forth in the company's articles of incorporation and bylaws:

€ thousands	12/31/2007	12/31/2006
Statutory reserve	10,200	10,200
Reserve for treasury shares	133,762	181,203

(d) Treasury shares

By virtue of the authorization given by the shareholders at the annual meeting of April 16, 2003, Axel Springer AG held 3,337,000 shares at a price of € 54.00 per share, plus directly allocable transaction costs, in November 2003. In 2007, Axel Springer AG purchased 62,300 shares for € 7,935 thousand. As a result of the capital reduction, the transaction costs allocable to the retired shares in the amount of € 55,376 thousand were deducted from the consolidated retained earnings, which includes the reserve for treasury shares.

(e) Accumulated other comprehensive income

The accumulated other comprehensive income breaks down as follows:

€ thousands	12/31/2007	12/31/2006
Changes in fair value of available-for-sale securities	356,346	515,587
Other changes not recognized in income in companies accounted for by the equity method	30,090	37,675
Adjustment for translation of financial statements in foreign currencies	1,144	2,096
Changes in fair value of derivatives in cash flow hedges	195	(653)
Difference from purchase of shares from minority interests	(71,802)	(3,975)
Other changes	(27)	0
Accumulated other comprehensive income	**315,946**	**550,730**

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

The other changes in companies accounted for by the equity method in 2007 resulted in particular from changes in the measured value of an associated company, which were recognized directly in equity.

Additional minority interests in two subsidiaries were acquired by way of share purchases in 2007. The resulting difference was recognized directly in accumulated other comprehensive income. This difference related mainly to auFeminin.com S.A. (see Section (2 c)).

(f) Management Participation Program

On April 14, 2004, the shareholders at the annual meeting of Axel Springer AG approved a Management Participation Plan, under which the members of the Management Board of Axel Springer AG are entitled to purchase shares of Axel Springer AG. Under the terms of the Management Participation Plan, 62,300 shares were offered to the members of the Management Board for purchase on or after July 1, 2004 ("Purchase of Shares"). The Management Board purchased the shares in August 2004. The purchase price for the shares was EUR 54.00 per share, plus 2 % interest from July 1, 2004. Under the terms of the plan, the members of the Management Board are obligated to hold the shares for at least five years (holding period). A sale before this time is possible in the event that a majority of the shares of Axel Springer AG held by the shareholders Hellman & Friedman Rose Partners, L.P. and Hellmann & Friedman International Rose Partners, L.P., and the companies affiliated with them, would be sold (referred to hereinafter as the "H&F majority sale"). In this case, the Management Board would be entitled to sell 50 % of their shares on the first anniversary and the remaining 50 % on the second anniversary of the H&F majority sale. The H&F majority sale occurred on December 18, 2006. The granting of stock options generated an expense of EUR 1,602 thousand, which was recognized in 2004.

In connection with the purchase of the 62,300 shares, moreover, the members of the Management Board were granted, for each share purchased, eight additional options (referred to hereinafter as the "Options") to purchase shares of Axel Springer AG. These options entitle their holders to purchase up to 498,400 shares at a price of € 54.00 per share, plus 2 % interest from July 1, 2004. Nonetheless, if certain EBITA targets are not met in 2005 and 2007, the number of options that can be exercised by the members of the Management Board will decrease by 10 % and 50 %, respectively. By virtue of the H&F majority sale having occurred on December 18, 2006, the EBITA of fiscal year 2006 is to be applied instead of the EBITA of fiscal year 2007.

In consideration of the H&F majority sale, the vesting period for the first 50 % of the options ended on the first anniversary of the sale (i.e., December 18, 2007) and the vesting period for the second 50 % will end on the second anniversary of the H&F majority sale (i.e., December 18, 2008). After a period of five years from the grant date, the options can be exercised independently of the H&F majority sale. There were no changes in the number of stock options held by members of the Management Board in 2007 and consequently there were 498,400 stock options outstanding at December 31, 2007.

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

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

The H&F majority sale effected at December 18, 2006, gave rise to changes regarding the vesting period and the EBITA limits for the stock options. These changes were accounted for by the amortization of the total imputed compensation component of EUR 16,018 thousand to be recognized as expenses, resulting in the recognition in 2006 of EUR 9,501 thousand as personnel expenses related to the compensation component of the stock options. The compensation component for the past fiscal year was € 969 thousand. In accordance with IFRS 2, the additional paid-in capital was increased by the same amount. At December 31, 2007, the intrinsic value of a stock option that could be exercised as of December 18, 2007 was € 40.16 (PY: € 77.90) and the intrinsic value of a stock option that can be exercised as of December 18, 2008 was € 39.00 (PY: € 76.74).

(g) Minority interests

The minority interests relate primarily to the following companies:

€ thousands	12/31/2007	12/31/2006
auFeminin Group	19,124	0
PIN Group	16,884	0
zanox Group	15,130	0
wallstreet:online Group	12,220	0
Bild.T-Online.de AG & Co. KG, Berlin	13,543	10,634
Special-purpose entities	1,242	3,598
Other companies	2,952	2,240
Minority interests	**81,095**	**16,472**

(16) Pension obligations

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

A defined contribution plan is a pension plan under which the Group makes fixed payments to third parties. Under such plans, the Group bears no legal or constructive obligation to pay additional contributions if the third party would not have sufficient assets to satisfy the pension claims of the employees in question. Under its defined contribution pension plans, the Group makes contributions to public-sector pension insurance carriers by virtue of the applicable laws. The current contribution payments are presented as social security costs within personnel expenses (see Section (27); € 38,733 thousand in 2007 (PY: € 38,580 thousand)).

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

Expenses of € 21,596 thousand were incurred for defined benefit pension plays in 2007 (PY: € 21,089 thousand). These expenses break down as follows:

€ thousands	2007	2006
Current service cost	8,453	7,171
Interest expense	17,995	15,409
Contributions of plan participants	(1,116)	-
Expected income from plan assets	(2,154)	-
Effects of adjustment as per IAS 19.58	(98)	-
Reimbursement of interest expenses under reimbursement right	(1,484)	(1,491)
Pension expenses	**21,596**	**21,089**
Actual income from plan assets	1,753	-

The service cost, the contributions of the plan participants and the realized actuarial gains and losses are presented within the personnel expenses. The interest portion contained in the pension expenses, the expected income from the plan assets and the effects of the adjustment according to IAS 19.58 are presented as components of interest expenses. The service cost for 2007 includes realized actuarial losses of € 8 thousand (PY: € 547 thousand).

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

€ thousands	12/31/2007	12/31/2006
Present value of defined benefit obligations financed by fund	71,404	0
Fair value of plan assets	(66,106)	0
Assets from over-coverage	896	0
Present value of defined benefit obligations financed by provision	336,245	362,502
Unrealized actuarial gains and losses	5,370	(27,323)
Provision	**347,809**	**335,179**
Reimbursement claims	(30,684)	(31,764)
Net obligation	**317,125**	**303,415**

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

In connection with the contribution of the rotogravure printing operations to PRINOVIS Ltd. & Co. KG, Hamburg, it was also agreed in 2005 to transfer the pension obligations attributable to this division. The Commercial Register entry, upon which the legal validity of this transfer depends, had not yet been effected at the balance sheet date for the current pension obligations and the vested pension claims of former employees. By virtue of contractual agreements, Axel Springer AG is entitled to reimbursement of the pension obligations or pension expenses arising in this respect. In accordance with IAS 19, the reimbursement right is presented as a separate asset (see Section (10)), whereas in the income statement, the income from the reimbursement is netted with the corresponding pension expenses. In 2007, this provision amounted to € 30,684 thousand (PY: € 31,764 thousand)

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

€ thousands	2007	2006
Plan assets at January 1	0	0
Change in consolidation group	62,630	0
Expected income from plan assets	2,154	0
Contributions of plan participants	1,116	0
Employer contribution	967	0
Benefits paid	(357)	0
Actuarial losses/gains	(404)	0
Exchange rate changes	0	0
Plan assets at December 31	**66,106**	**0**

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

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

€ thousands	**2007**	**2006**
Obligation at January 1	362,502	370,151
Change in consolidation group	67,242	(90)
Current service cost	8,453	7,171
Interest expense	17,995	15,409
Actuarial losses	(33,146)	(15,685)
Payments by employees	3,183	3,187
Transfer of pension obligation	96	0
Exchange rate change	(113)	0
Payments to retirees	(18,563)	(17,641)
Obligation at December 31	**407,649**	**362,502**

Of the indicated pension payments, an amount of € 2,564 thousand (PY: € 2,524 thousand) related to the pension obligations that have not yet been transferred to PRINOVIS Ltd. & Co. KG, Hamburg, which are the subject of the reimbursement right.

Due to the adjustment of the discount rate, the pension obligations that have not yet been transferred to PRINOVIS Ltd. & Co. KG, Hamburg, which are the subject of the reimbursement right, showed a more favorable development in the year ended December 31, 2007 than what had been anticipated for this date in the previous year's financial statements.

The payments to retirees are expected to reach an amount of € 19.6 million in 2008.

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

€ thousands	**12/31/2007**	**12/31/2006**	**12/31/2005**	**12/31/2004**	**12/31/2003**
Present value of defined benefit obligations financed by fund	71,404	-	-	-	-
Fair value of plan assets	(66,106)	-	-	-	-
Present value of defined benefit obligations financed by provision	336,245	362,502	370,151	331,216	324,245
Experience-based adjustments to plan liabilities	1,848	2,926	-	-	-
Experience-based adjustments to plan assets	9	-	-	-	-

(17) Other provisions

The other provisions break down as follows:

€ thousands	Balance at 01/01/2007	Utilization	Reversal	Addition	Other changes	Balance at 12/31/2007
Partial early retirement program (Altersteilzeit)	46,347	13,465	1,062	9,409	(104)	41,125
Other obligations towards employees	31,750	31,141	579	36,039	1,248	37,317
Returns	28,879	26,971	1,695	31,149	79	31,441
Litigation expenses	24,633	1,212	935	4,261	108	26,855
Structural measures	21,450	11,785	1,459	18,030	(7)	26,229
Discounts and rebates	9,967	6,165	3,729	7,489	3	7,565
Other taxes	5,745	149	329	1,682	0	6,949
Site restoration obligations	4,648	189	1,062	1,140	110	4,647
Other	37,109	17,621	4,971	17,400	(692)	31,225
Other provisions	**210,528**	**108,698**	**15,821**	**126,599**	**745**	**213,353**

The other obligations toward employees primarily include variable compensation tied to performance and loyalty bonuses. The provisions for litigation expenses at December 31, 2007 were mainly composed of provisions related to the sale of the Books segment in 2003 and for legal disputes based in corporate law, cartel law and journalism law. In the estimation of the company, the outcome of these disputes will not generate any significant expenses beyond the amounts set aside in the provisions at December 31, 2007. The miscellaneous other provisions account for anticipated losses on rental agreements, interest from tax audits, surrender and retention obligations.

The other changes resulted primarily from changes in the consolidation group, currency translation differences and compound interest in the amount of € 110 thousand (PY: € 163 thousand).

Non-current provision amounts are contained primarily in the provisions for partial early retirement arrangements (Altersteilzeit), in the amount of € 27,790 thousand (PY: € 32,887 thousand), site restoration obligations in the amount of € 3,112 thousand (PY: € 2,376 thousand) and structural measures in the amount of € 1,215 thousand (PY: € 6,916 thousand).

(18) Financial liabilities

The financial liabilities break down as follows:

€ thousands	12/31/2007	12/31/2006
Liabilities due to banks	940,944	110,579
Liabilities under finance leases	193	696
Financial liabilities	**941,137**	**111,275**

The liabilities due to banks at December 31, 2007 were characterized by the utilization amounts, interest rates and maturities set forth in the table below. All liabilities are denominated in euros. Short-term overdraft facilities are not presented in the table.

2007 € thousands	2006 € thousands	Interest rate in %	Maturity
840,000	20	3-month Euribor + 0.15	08/14/2012
39,524	40,816	5.64	10/31/2012
19,649	20,866	4.63	07/31/2011
15,875	17,090	5.65	06/30/2012
12,179	12,683	5.09	11/30/2013
7,190	7,669	3-month Euribor + 0.3	10/15/2022
4,500	7,500	3.99	03/31/2009

The interest rates indicated above are effective rates of interest. In the case of fixed-interest loans, the interest fixing date corresponds to the maturity date.

Furthermore, additional open short-term and long-term credit facilities in the total amount of € 685 million (PY: € 1,525 million) were confirmed to Axel Springer AG in 2007.

For more information on the liabilities due to banks and on finance leases, please refer to Sections (5), (44) and (46).

(19) Liabilities due to related parties

The liabilities due to related parties break down as follows:

€ thousands	12/31/2007	12/31/2006
Liabilities due to other subsidiaries	15,322	20,931
Liabilities due to companies accounted for by the equity method	17,896	16,436
Liabilities due to other associated companies	2,207	1,976
Liabilities due to other related parties	7,360	5,924
Liabilities due to related parties	**42,785**	**45,267**

(20) Current income tax liabilities

This item contains the taxes still to be paid for the past fiscal year and those resulting from tax audits. The addition resulted mainly from the first-time consolidation of newly acquired companies and from subsequent tax payments for prior fiscal years.

(21) Other financial liabilities

The other financial liabilities break down as follows:

€ thousands	12/31/2007	12/31/2006
Purchase price liabilities from company acquisitions	122,008	31,471
Liabilities due to employees	9,943	13,941
Debit balances in accounts receivable	9,792	9,978
Liabilities from derivatives	1,578	1,655
Other	26,218	35,864
Other financial liabilities	**169,539**	**92,909**

The liabilities due to employees relate to outstanding wage and salary payments, management bonus and severance award claims.

The purchase price liabilities for company acquisition consisted of conditional liabilities resulting from the put options concluded in connection with company acquisitions and additional share purchases and of the obligations under earn-out agreements (see Section (2c)). The liabilities due to employees relate to outstanding wage and salary payments, management bonus and severance award claims.

(22) Miscellaneous liabilities and accruals

The miscellaneous liabilities and accruals are presented in the table below.

€ thousands	12/31/2007	12/31/2006
Prepaid subscriptions	64,259	44,352
Accrued liabilities	38,369	28,819
Liabilities for other taxes	26,797	17,961
Capital investment subsidies	8,968	8,249
Liabilities for duties and contributions	5,030	5,468
Liabilities due to social insurance carriers	3,112	2,391
Other liabilities and accruals	**146,535**	**107,240**

The accruals also contain the employees' unused vacation claims. The increase in prepaid subscriptions and accruals resulted from the extended consolidation group.

(23) Maturity analysis of financial liabilities

The Axel Springer Group continually monitors the availability of financial resources to fund the company's operating activities and finance acquisitions of investments in subsidiaries by means of a Groupwide liquidity planning system. In particular, the financial resources raised by the Group's credit facility have contributed to the high degree of financial flexibility of the Axel Springer Group.

The contractually agreed (undiscounted) interest and principal payments of the non-derivative financial liabilities and the derivative financial instruments with positive and negative fair values of the Axel Springer Group are presented in the table below:

€ thousands		2008		2009-2010		2011-2012		2013 ff.	
	Carrying amount at 12/31/2007	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
Non-derivative financial liabilities									
Liabilities due to banks	940,944	42,974	8,738	84,696	14,047	67,148	859,912	1,829	58,247
Liabilities under finance leases	193	30	193						
Other non-derivative financial liabilities	328,783	168	317,722	28	8,196		114		3,053
Derivative financial liabilities									
Derivative liabilities from the purchase of minority interests	84,811		40,988		4,896		46,984		
Interest rate derivatives related to cash flow hedges	1,578	555		337		320		366	
Derivative financial assets									
Interest rate derivatives not related to hedges	137	137							
Interest rate derivatives related to cash flow hedges	2,697	515		1,020		886		276	
Other derivative financial assets	31,163		18,145		13,018				

Notes to the Consolidated Income Statement

(24) Revenues

The revenues break down as follows:

€ thousands	2007	2006
Circulation revenues	1,190,614	1,169,989
Advertising revenues	1,207,509	1,053,939
Printing revenues	45,033	43,422
Other revenues	134,777	108,584
Revenues	**2,577,933**	**2,375,934**

The revenues from barter transactions amounted to € 25,059 thousand in 2007 (PY: € 25,757 thousand). These revenues were generated mainly from the bartering of advertising services.

(25) Other operating income

The other operating income breaks down as follows:

€ thousands	2007	2006
Income from other goods and incidental services	48,215	31,508
Income from Kirch insolvency	13,000	33,590
Income from cost allocations to related parties	11,950	9,846
Income from disposal of fixed assets	6,581	1,099
Income from reversal of capital investment subsidies	1,322	516
Rental and leasing income	4,127	4,291
Foreign exchange gains	1,164	1,223
Miscellaneous operating income	18,865	9,966
Other operating income	**105,224**	**92,039**

Income from the reversal of valuation allowances for receivables and the reversal of provisions was netted with the corresponding expenses. For more information about the income from the Kirch insolvency, please refer to Section (12).

The income from other goods and incidental services consisted mainly of income from cooperation ventures and other dealings with media partners and miscellaneous companies. The increase in the income from other goods and incidental services resulted from the intensified cooperation ventures and from new cooperation ventures, such as BILDmobil, for example.

The income from the disposal of fixed assets in 2007 resulted mainly from sales of title rights and the sale of a real estate property by foreign subsidiaries.

The miscellaneous operating income for both 2007 and 2006 contained write-ups of real estate properties held as investment property (see Section (6)).

(26) Purchased goods and services

The purchased goods and services break down as follows:

€ thousands	2007	2006
Raw materials and supplies and purchased merchandise	328,302	323,034
Purchased services	554,459	466,224
Purchased goods and services	**882,761**	**789,258**

The paper costs not included in the purchased third-party printing services represented € 244,889 thousand (PY: € 252,143 thousand) of the cost of purchased raw materials and supplies.

The cost of purchased services was predominantly composed of purchased third-party printing services and professional fees, as well as publisher services. The increase in these expenses resulted mainly from the newly acquired companies of the zanox Group and Axel Springer Schweiz AG (formerly Jean Frey AG) in 2007.

(27) Personnel expenses

The personnel expenses break down as follows:

€ thousands	2007	2006
Wages and salaries	610,308	563,956
Social security	79,513	75,220
Expenses for share-based compensation	969	9,501
Pension expenses	8,453	7,611
Other benefit expenses	2,634	3,373
Personnel expenses	**701,877**	**660,101**

The increase in the personnel expenses resulted mainly from the higher average number of employees due to the acquisitions effected in 2007. In addition to the lower expenses for the partial early retirement program (Altersteilzeit), the wages and salaries also contain expenses for restructuring in the amount of € 20,787 thousand (PY: € 20,977 thousand). The restructuring expenses resulted mainly from the relocation of BILD from Hamburg to Berlin. The pension expenses resulted from the Group's pension commitments and similar obligations.

Excluding PIN Group, which is to be sold, the average number and breakdown of the employees of the Axel Springer Group are presented in the table below:

	2007	2006
Salaried employees	5,771	5,244
Editors	3,529	3,366
Wage-earning employees	1,048	1,123
Total employees	**10,348**	**9,733**

Including PIN Group, the average number of employees would be higher by 578 salaried employees and 2,018 hourly wage earners. The personnel expenses of these employees are contained in the income/loss from discontinued operations.

(28) Depreciation, amortization and impairments

The depreciation, amortization and impairments break down as follows:

€ thousands	2007	2006
Impairment losses in derivative goodwill	0	1,000
Systematic amortization of other intangible assets	22,149	10,650
Impairment losses in other intangible assets	414	1,447
Systematic depreciation of property, plant and equipment	51,000	50,513
Impairment losses in property, plant and equipment	84	0
Systematic depreciation of investment property	592	836
Depreciation, amortization and impairments	**74,239**	**64,446**

The increase in the systematic amortization of other intangible assets resulted from the depreciation and amortization allocated in connection with the purchase price allocations required in accordance with IFRS 3.

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

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

(29) Other operating expenses

The other operating expenses break down as follows:

€ thousands	2007	2006
Advertising expenses	163,093	151,637
Mailing and postage expenses	160,594	163,480
Expenses for non-company personnel	87,148	73,857
Commissions and gratuities	79,487	77,944
Services provided by related parties	36,433	30,276
Rental and leasing expenses	30,667	24,281
Maintenance and repairs	28,069	27,745
Travel expenses	18,098	15,482
Other taxes	6,131	3,961
Adjustment of allowances for doubtful receivables	5,569	9,199
Foreign exchange losses	1,812	1,749
Miscellaneous expenses	67,329	69,139
Other operating expenses	**684,430**	**648,750**

The rental and leasing expenses relate to agreements for the rental or leasing of real property, motor vehicles and office equipment, which are classified as operating leases.

The miscellaneous expenses include, among other things, auditing and consulting expenses, contributions, duties, fees and office supplies.

The table below presents the professional fees, recognized as expenses, for the services rendered to Axel Springer AG and its consolidated subsidiaries in the fiscal years 2007 and 2006 by the auditor Ernst & Young AG (PY: PricewaterhouseCoopers Aktiengesellschaft):

€ thousands	2007	2006
Audits of the annual financial statements	656	671
Other certification or appraisal services	241	1,003
Tax advisory services	361	106
Other services	563	390
Total professional fees	**1,821**	**2,170**

The professional fees for the audit of financial statements include the audit of the separate financial statements of the Group companies and the audit of the consolidated financial statements. The other expert opinions and appraisals include fees for the auditors' review of interim financial statements and the audits to verify compliance with certain contractual agreements. The tax advisory fees include support provided with regard to specific tax questions. The other services consist primarily of professional fees for due diligence services.

(30) Net income/expenses from investments

The other investment income contains, in particular, profit shares attributable to the Group. The increase over the previous year resulted mainly from the higher dividend payment by ProSiebenSat.1 Media AG in the amount of € 23,105 thousand (PY: € 21,792 thousand) and from income from the disposal of investments.

(31) Net financial income/expenses

The net financial income/expenses break down as follows:

€ thousands	2007	2006
Interest income from bank accounts	6,267	14,019
Interest income from loans and securities	1,291	3,002
Other interest income	6,290	4,902
Interest income	**13,848**	**21,923**
Interest expenses on liabilities due to banks	(23,836)	(7,605)
Interest expenses on pension provisions, less reimbursements	(16,511)	(13,918)
Interest expenses from finance leases	(111)	(325)
Miscellaneous interest expenses	(8,954)	(12,909)
Interest and similar expenses	**(49,412)**	**(34,757)**
Other net financial income/expenses	**(10,798)**	**38,981**
Net financial income/expenses	**(46,362)**	**26,147**

The other net financial income expenses in 2007 included expenses of € 16,008 thousand (PY: income of € 15,389 thousand) from the change in fair value of the H&F options. The other net financial income/expenses in 2006 included income of € 22,418 thousand from interest rate-hedging transactions (contingent payer swaps), which had been concluded in 2005 in connection with the financing of the planned acquisition of ProSiebenSat.1 Media AG.

The total interest income and expenses for those financial assets and liabilities that were not measured at fair value and for which the changes in fair value were not recognized in income are presented in the table below:

€ thousands	2007	2006
Total interest income	10,382	20,868
Total interest expenses	(29,804)	(17,714)

(32) Income taxes

The income taxes paid or owed in every country and the deferred taxes are recognized under the item of income taxes. The income taxes consist of the trade tax, corporate income tax and solidarity surtax payable in Germany, and the corresponding foreign income taxes. The income tax expenses are broken down below with respect to the country of origin:

€ thousands	2007	2006
Current taxes - Domestic	116,806	78,934
Current taxes - Foreign	8,931	6,398
Current taxes	**125,737**	**85,332**
Deferred taxes - Domestic	(29,940)	21,130
Deferred taxes - Foreign	(5,517)	(311)
Deferred taxes	**(35,457)**	**20,819**
Income taxes on continuing operations	**90,280**	**106,151**
Income taxes on discontinued operations	(29,074)	(1,226)
Income taxes	**61,206**	**104,925**

In the table below, the expected income tax expenses that would have arisen if the tax rate of the Group parent company Axel Springer AG, which is 39.63 % (PY: 39.75 %), had been applied to the IFRS consolidated net income before taxes and minority shares, are reconciled with the income tax expenses appearing in the income statement:

€ thousands	2007	2006
IFRS profit before income taxes	(227,225)	395,773
Group tax rate	39.63 %	39.75 %
Expected tax income/expenses	**(90,049)**	**157,320**
Differing tax rates	4,559	4,220
Changes in tax rates	(45,776)	30
Corporate income tax credit, corporate income tax increase/decrease	352	(57,356)
Permanent differences	182,187	2,677
Corrections to carrying amounts of deferred taxes	29,287	9,718
Current income taxes for prior years	24	3,537
Deferred income taxes for prior years	(3,299)	5,750
Non-deductible income taxes	225	165
Non-deductible operating expenses	2,379	5,873
Tax-exempt income	(14,631)	(17,267)
Trade tax additions/deductions	(1,618)	(1,472)
Other effects	(2,434)	(8,270)
Income taxes	**61,206**	**104,925**

Companies having the legal form of a corporation resident in Germany are subject to corporate income tax at the rate of 25 % and the solidarity surtax of 5.5 % of the corporate income tax owed. In addition, these companies are subject to trade tax, the amount of which is determined in accordance with assessment rates that vary from one municipality to the next. Companies having the legal form of a partnership are subject to trade tax exclusively. The net income after deduction of trade tax is assigned to the shareholder for purposes of corporate income tax.

For these companies, the trade tax is deductible from their own tax base; for corporations, it is deductible from the tax base for corporate income tax. Starting with the 2004 assessment period, the use of tax loss carry-forwards against the tax bases for corporate income tax and trade tax is subject to limitations. Existing tax losses carried forward can be applied without limitation against a positive tax base of up to EUR 1 million, but exceeding amounts can be reduced by no more than 60 %.

The 2008 Corporate Income Tax Reform Act was adopted by resolution of the Bundesrat (the upper house of the German parliament) on July 6, 2007. Essentially, this law provides for a reduction of the tax rates and (for counter-financing purposes) a broadening of the tax base. Thus, the deductibility of interest expenses is limited to 30 % of the EBITDA for tax purposes and the trade taxes paid will no longer be considered deductible expenses. The expected income tax rate in 2008 for the Group's parent company Axel Springer AG will be a nominal rate of 31.19 %. This tax rate was already applied for the purpose of calculating the deferred taxes at December 31, 2007. Due to the excess of deferred tax liabilities over deferred tax assets at Axel Springer AG, income from the reversal of deferred taxes was recognized in the amount of € 43,141 thousand in 2007. The corporate income tax increase for the former EK02 portfolios stipulated in connection with the 2008 Annual Tax Act amounted to € 352 thousand.

The effects of different tax rates for partnerships and for foreign income taxes from the tax rate applicable to the Group parent company Axel Springer AG are explained in the reconciliation of differences caused by different tax rates in Germany and abroad. The permanent differences result mainly from the amortization and impairments of goodwill (in 2007, especially for the PIN Group, see Section (33)) and foreign losses that are not taken into account for tax purposes. The tax exemption effects resulted mainly from the dividend paid by ProSiebenSat.1 Media AG (see Section (30)).

The adjustments made to the carrying amounts of deferred taxes include € 29,944 thousand (PY: € 11,684 thousand) for the non-recognition of deferred taxes on tax loss carry-forwards.

Deferred tax assets and liabilities are recognized to account for temporary differences and tax loss carry-forwards, as follows:

€ thousands	12/31/2007		12/31/2006	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	3,495	83,475	2,887	7,818
Non-current assets under finance leases	0	34	0	185
Other property, plant and equipment	570	130,339	125	152,074
Non-current financial assets	10,797	27,104	6,327	51,407
Inventories	915	0	540	0
Receivables and other assets	3,114	8,215	3,235	2,719
Pension provisions	20,744	0	24,825	0
Other provisions	8,381	194	11,773	140
Liabilities	4,426	279	4,145	862
Temporary differences	**52,442**	**249,640**	**53,856**	**215,206**
Tax loss carry-forwards	**9,360**	**0**	**6,976**	**0**
Total	61,802	249,640	60,833	215,206
Netting	(51,175)	(51,175)	(42,641)	(42,641)
Amounts as per balance sheet	**10,627**	**198,465**	**18,191**	**172,565**

Of the deferred tax assets, an amount of € 5 thousand related to assets held for sale; of the deferred tax liabilities, an amount of € 21,700 thousand related to liabilities associated with held-for-sale assets (see Section (14)).

The net balance of deferred tax items from January 1 to December 31, 2007 was derived as follows:

€ thousands	2007	2006
Deferred tax assets at January 1	18,191	29,689
Deferred tax liabilities at January 1	(172,565)	(157,895)
Net tax position at January 1	**(154,374)**	**(128,206)**
Deferred tax expenses of current year	30,988	(21,925)
Change in deferred taxes not recognized in income	9,548	(238)
Addition due to initial consolidation/ disposal due to deconsolidation	(74,000)	(4,007)
Deferred tax assets at December 31	10,627	18,191
Deferred tax liabilities at December 31	(198,465)	(172,565)
Net tax position at December 31	**(187,838)**	**(154,374)**

Of the deferred tax assets, an amount of € 2,023 thousand (PY: € 7,297 thousand) can be realized in the short term; of the deferred tax liabilities, an amount of € 17,375 thousand (PY: € 1,779 thousand) can be realized in the short term.

The amount of deferred tax assets that must be disclosed in accordance with IAS 12.82 was € 8,554 thousand (PY: € 5,089 thousand). It is expected that this amount can be realized in subsequent years on a systematic basis by application against the available profits (ordinary income/ extraordinary income / restructuring).

Deferred taxes in the total amount of € 4,622 thousand (PY: € 14,533 thousand) were recognized directly in equity, with no effect on the income statement, as they relate to matters that were likewise recognized in equity, not in income.

Under the current state of the law in Germany, the ability to carry forward temporary differences in Germany and abroad is not subject to any restrictions. Tax losses can be carried forward indefinitely in Germany; in foreign countries, the ability to carry forward the tax losses is restricted in some cases. Deferred tax assets are recognized to account for temporary differences and tax loss carry-forwards (from continuing operations) to the extent that the likelihood of utilizing them in the near future is sufficiently certain. In fiscal years 2007 and 2006, no deferred tax assets were recognized with respect to corporate income tax for tax loss carry-forwards (from continuing operations) in the amount of € 130,170 thousand (PY: € 115,716 thousand) and no deferred tax assets were recognized with respect to trade taxes for tax loss carry-forwards in the amount of € 57,397 thousand (PY: € 52,414 thousand) because it did not appear probable that sufficient taxable income could be generated for these amounts in the near future. Of these tax loss carry-forwards (from continuing operations), an amount of € 31,717 thousand (PY: € 31,910 thousand) can be carried forward for up to five years and an amount of € 11,408 thousand (PY: € 10,116 thousand) can be carried forward for six to ten years. The utilization of tax loss carry-forwards that had not previously been recognized as deferred tax assets caused a reduction of € 2,334 thousand (PY: € 575 thousand). Tax loss carry-forwards in the amount of - € 62 thousand (PY: - € 575 thousand) were corrected as a result of tax audits or differing tax assessments.

As a rule, deferred taxes must be recognized to account for the difference between the Group's share of the equity of the subsidiaries as it is presented in the consolidated balance sheet and the corresponding item recognized in the financial statements for tax purposes (outside-basis differences). Such differences can result from the reinvestment of profits, for example. Deferred tax liabilities were not recognized on differences of € 14,325 thousand (PY: € 30,362 thousand) because a realization is not planned at the present time (IAS 12.39).

(33) Income/expenses from discontinued operations

The income/expenses from discontinued operations (see also Sections (2c) and (14)) are presented in the table below:

€ thousands	2007	2006
Income	133,512	
Expenses	(187,747)	(1,150)
Gross profit	(54,235)	
Net financial income/expenses	(2,517)	
Loss on remeasurement at fair value	(544,780)	
Earnings before taxes of discontinued operations	(601,532)	(1,150)
Income taxes	397	
Income taxes on measurement at fair value	28,677	23
Net income after taxes of discontinued operations (Logistics)	**(572,458)**	**(1,127)**
Other discontinued operations	0	(2,609)
Income/expenses from discontinued operations	**(572,458)**	**(3,736)**

The income/expenses of discontinued operations in 2007 related exclusively to PIN Group. The impairment losses in goodwill and intangible assets contained in this figure were measured at an amount that caused the net asset value of PIN Group AG to be zero, after offsetting the assets and liabilities presented for the PIN Group and the minority interests calculated for the minority shareholders of the PIN Group.

The income/expenses from discontinued operations in 2006 contained, in addition to the equity result of the PIN Group, subsequent expenses in connection with the divestitures in the former Books segment.

The net cash flows from discontinued operations are presented in the table below:

€ thousands	2007
Cash flow from operating activities	(40,889)
Cash flow from investing activities	(61,613)
Cash flow from financing activities	32,311
Cash flow from discontinued operations	**(70,191)**

(34) Earnings per share

The basic and diluted earnings per share are presented in the table below:

		2007	2006
Income from continuing operations after minority interests	€ 000s	272,839	284,692
Net income/loss from continuing operations after minority interests	€ 000s	(572,526)	(2,609)
Consolidated net income attributable to shareholders of Axel Springer AG	**€ 000s**	**(299,687)**	**282,083**
Weighted average shares outstanding	€ 000s	30,637	30,662
Dilution effect upon exercise of stock options	€ 000s	265	245
Weighted average diluted shares	**€ 000s**	**30,902**	**30,907**
Earnings per share from continuing operations			
basic	€	8.91	9.28
diluted	€	8.83	9.21
Earnings per share from discontinued operations			
basic	€	(18.69)	(0.08)
diluted	€	(18.52)	(0.08)
Consolidated net income per share attributable to shareholders of Axel Springer AG			
basic	€	(9.78)	9.20
diluted	€	(9.70)	9.13

Notes to the Consolidated Cash Flow Statement

(35) Composition of cash and cash equivalents

The cash and cash equivalents are composed of the following constituent elements:

€ thousands	12/31/2007	12/31/2006
Cash	198,043	475,625
Securities maturing in up to three months	13	113,084
Cash and cash equivalents	**198,056**	**588,709**

Of the cash and cash equivalents presented in the consolidated cash flow statement, an amount of € 4,326 thousand (PY: € 0) was subject to restrictions on disposal.

(36) Other disclosures

The other non-cash income and expenses in 2007 included expenses from deconsolidations and from the fair value measurement of financial instruments. In the previous year, this item consisted mainly of income from the fair value measurement of financial instruments.

In 2007, capital expenditures of € 810 thousand (PY: € 3,215 thousand), most of which for investments in property, plant and equipment, had not yet been realized as cash payments.

The cash flows resulting from the disposal group were assigned to their original line items in the consolidated cash flow statement.

Notes to the Segment Report

(37) General information

The segment report follows the guidelines of IAS 14. The primary reporting format is organized by operating segments of the Axel Springer Group. The secondary reporting format is organized by geographical regions in which the Axel Springer Group operates.

(a) Segmentation change

Starting with the third quarter, the segment report for fiscal year 2007 features two new segments.

In addition to the segmentation criteria applied in the consolidated financial statements at December 31, 2006, an additional operating segment “Digital Media” has been formed. This segment includes the online and broadcasting activities (marketing of media services via digital media like the Internet, radio or TV broadcasters, provided that the digital media in question are independent of the existing print brands of the Axel Springer Group). Because these business activities will be extremely important to the future development of the Axel Springer Group, the “Digital Media” segment was formed on a voluntary basis, although the size criteria of IAS 14 were not exceeded. As a result of the reclassification of business activities from existing segments, the Digital Media segment generated revenues of € 37,939 thousand and an EBITA of € 20,542 thousand in 2007. The EBITA from reclassifications includes, among other things, the dividend distributions of ProSiebenSat.1 Media AG.

In connection with the acquisition of PIN Group AG, a second segment was formed due to the fact that the size criteria of IAS 14 were exceeded. This segment contains all the logistical activities of the Axel Springer Group. The business activities remaining in the Services/Holding segment after the reassignment of the digital media and logistical activities (e.g., real estate, personnel and investment administration services) are presented in the Logistics/ Services/ Holding segment because they exhibit a similar profile of risks and opportunities as the newly formed segment for logistical activities.

The corresponding figures of the prior-year segment report were adjusted accordingly. Due to the acquisitions effected in 2007, the comparability of the figures for the Magazines and Digital Media segments with the corresponding prior-year figures is limited.

No segmentation changes occurred in the secondary reporting format (geographical regions).

(b) Operating segments

The Newspapers segment includes daily newspapers and Sunday newspapers, superregional and regional subscription newspapers, advertising supplements and the online activities derived from print brands. This segment also includes investments in German newspaper publishing companies.

The Magazines segment includes programming guides, women's magazines, men's magazines, youth magazines, computer magazines, business magazines, news magazines, family magazines, numerous special-interest magazines and the online portals derived from print brands. This segment also includes investments in magazine publishing companies in Germany and abroad.

The online and broadcasting activities that are not derived from the company's print brands are consolidated within the Digital Media segment. This segment notably also includes the newly consolidated companies ZANOX.de AG, auFeminin.com S.A., wallstreet:online AG and wallstreet:online capital AG, including their subsidiaries, and the existing activities of Idealo Internet GmbH and Immonet GmbH. This segment also includes the company's investments in TV broadcast stations, notably including ProSiebenSat.1 Media AG and Doğan TV Holding A.S., Turkey, and the company's investments in German radio stations and other online activities. For information on the sale of the indirectly held shares in ProSiebenSat.1 Media AG in 2008, please refer to Section (47).

The Printing segment includes three offset printing plants, investments in two offset printing plants outside Germany and the rotogravure company Prinovis. The offset printing plants serve the purpose of ensuring the availability of necessary printing capacities.

The Logistics/Services/Holding segment includes the mail delivery activities of PIN Group AG, as well as the company's logistical activities, service departments and holding company functions. As a result of the company's intention to sell its shares in PIN Group AG, the mail delivery services are presented separately as discontinued operations in the consolidated financial statements. The services/holding activities include services such as customer service, sales, direct marketing and office buildings, as well as exclusively internal departments such as IT, accounting, personnel and corporate staff functions.

(c) Geographical regions

The activities of the Axel Springer Group are international in scope, with a particular emphasis on Germany and on other countries of Europe. Accordingly, the secondary segmentation is organized by the geographical regions of Germany and international.

(38) Segment information

The segment information was compiled on the basis of the recognition and measurement methods applied to draw up the consolidated financial statements. The external revenues consist of circulation revenues from the sale of publishing products, advertising revenues and revenues from the provision of services to parties not related to the Group. The internal revenues consist of revenues from the exchange of goods and services between the various segments. The transfer pricing is based on cost coverage.

The internationally used indicator EBITA (earnings before interest, taxes and amortization of goodwill) is used to measure segment earnings. Non-recurring, exceptional effects are deducted from this figure. Non-recurring items include effects from the sale of subsidiaries, business divisions and investments, as well as writedowns and writeups of investments, effects from the sale of real properties and special writedowns and writeups of real properties used by the company. Non-recurring effects and the effects of purchase price allocations are eliminated.

Non-recurring items include effects from the sale of subsidiaries, business divisions and investments, as well as writedowns and writeups of investments, effects from the sale of real properties and special writedowns and writeups of real properties used by the company. The effects of purchase price allocations on the EBITA mainly consist of systematic amortization and depreciation, as well as impairment losses in intangible assets and in property, plant and equipment resulting from the purchase price allocation required in accordance with IFRS 3 in connection with business combinations. In 2007, the effects resulting from the sale of investments (€ 7,061 thousand), the sale of a subsidiary and a business division (€ 3,501 thousand), real estate sales (€ 2,050 thousand) and impairment losses in investments (- € 183 thousand) were eliminated from the EBITA. In the previous year, the non-recurring effects included the sale of a subsidiary (€ 819 thousand) and writeups and writedowns of investments (- € 149 thousand). In 2007, the effects of purchase price allocations amounted to - € 13,420 thousand (PY: - € 131 thousand).

The earnings before interest, taxes and discontinued operations is derived from EBITA in accordance with IAS 14.

Segment assets are composed of the assets required to operate the individual segments. Derivative goodwill is attributed to the appropriate segments. Certain assets in the amount of approximately € 383 million (PY: approx. € 715 million) are not segmented. They include cash and cash equivalents (due to the cash clearing system), current and deferred income tax assets, derivatives, loans and other financial receivables.

The segment liabilities are composed of the operating liabilities and provisions of the individual segments. Financial liabilities, current and deferred income tax liabilities and liabilities from derivatives in the total amount of approximately € 1,351 million (PY: approx. € 355 million) are not segmented.

The same method of segmenting the segment assets and liabilities was applied to the discontinued operations as well.

The capital expenditures contain expenditures for intangible assets and for property, plant and equipment.

For purposes of geographical segment reporting, the revenues are segmented according to the location of the customer, which is usually also the location of the Group company. The segment assets and capital expenditures were determined with reference to the location of the head office of the Group company.

Other Disclosures

(39) 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 indicators used by the company for management purposes are primarily earnings-driven. The goals, methods and processes of capital management are subordinate to the earnings-driven financial indicators.

For the purpose of maintaining and adjusting the capital structure, the company is authorized to adjust the dividend payments to its shareholders or purchase treasury shares up to 10 %. Treasury shares can be used for acquisition financing or they can be retired. In fiscal 2007, 3 % of the treasury shares were retired and the share capital was reduced accordingly.

Under the terms of its Management Participation Program, the company is obligated to sell treasury shares to the management. This obligation can be settled either with shares from the company's current holding of treasury shares or with shares acquired in a buy-back transaction.

(40) Financial instruments

(a) Measurement of financial instruments by categories

The relationships between the categories of financial instruments according to IFRS 7 or the corresponding balance sheet items and the measurement categories according to IAS 39 are presented in the table below, together with the carrying amounts of financial instruments.

€ thousands		Measured value as per IAS 39			No measurement
	Carrying amount at 12/31/2007	(Amortized) acquisition cost	Fair value - not recognized in income	Fair value - recognized in income	Category as per IAS 39
ASSETS					
Other non-current financial assets	58,551				
- *Available-for-sale financial assets*	51,032	43,843	7,189		
- *Held-to-maturity investments*	1,207	1,207			
- Loans and advances (loans and receivables)	6,312	6,312			
Trade receivables (loans & receivables)	269,221	269,221			
Receivables due from related parties (loans & receivables)*	63,417	32,733			30,684
Other financial assets	92,167				
- Derivatives related to hedges (hedge accounting)	2,697				2,697
- Derivatives not related to hedges (held for trading)	31,300			31,300	
- Miscellaneous (loans & receivables and held for trading)	58,170	37,928		20,242	
Cash and cash equivalents	198,056				
- Cash and cash equivalents (loans & receivables)	198,043	198,043			
- Securities maturing in up to three months (held for trading)	13			13	
EQUITY AND LIABILITIES					
Financial liabilities	941,137				
- Liabilities due to banks (financial liabilities measured at cost)	940,944	940,944			
- Liabilities under finance leases	193				193
Trade payables (financial liabilities measured at cost)	235,044	235,044			
Liabilities due to related parties (financial liabilities measured at cost)	42,785	42,785			
Other financial liabilities	169,539				
- Derivatives related to hedges (hedge accounting)	1,578				1,578
- Miscellaneous (financial liabilities measured at cost)**	167,961	135,765			32,196
Aggregated by IAS 39 measurement categories					
Loans and receivables	544,237	544,237			
Held-to-maturity investments	1,207	1,207			
Available-for-sale financial assets	51,032	43,843	7,189		
Financial assets held for trading	51,555			51,555	
Financial liabilities measured at cost	1,354,538	1,354,538			

*) The claim to reimbursement of pension obligations that is contained in the receivables due from related parties (see Section (10)) is not a financial instrument and therefore does not fall within the scope of IAS 39 and IFRS 7.

**) The conditional obligations related to business combinations that are contained in the miscellaneous liabilities at December 31, 2007 do not fall within the scope of IAS 39 and IFRS 7.

€ thousands			Measured value as per IAS 39		No measurement
	Carrying amount at 12/31/2006	(Amortized) acquisition cost	Fair value - not recognized in income	Fair value - recognized in income	Category as per IAS 39
ASSETS					
Other non-current financial assets	745,972				
- Available-for-sale financial assets	738,878	50,104	688,774		
- Loans and advances (loans and receivables)	7,094	7,094			
Trade receivables (loans & receivables)	203,534	203,534			
Receivables due from related parties (loans & receivables)*	71,358	39,594			31,764
Other financial assets	106,205				
- Derivatives not related to hedges (held for trading)	45,911			45,911	
- Miscellaneous (loans & receivables)	60,294	60,294			
Cash and cash equivalents	588,709				
- Cash and cash equivalents (loans & receivables)	475,625	475,625			
- Securities maturing in up to three months (held for trading)	113,084			113,084	
EQUITY AND LIABILITIES					
Financial liabilities	111,275				
- Liabilities due to banks (financial liabilities measured at cost)	110,579	110,579			
- Liabilities under finance leases	696				696
Trade payables (financial liabilities measured at cost)	187,883	187,883			
Liabilities due to related parties (financial liabilities measured at cost)	45,267	45,267			
Other financial liabilities	92,909				
- Derivatives related to hedges (hedge accounting)	1,012				1,012
- Miscellaneous (financial liabilities measured at cost)	91,897	91,897			
Aggregated by IAS 39 measurement categories					
Loans and receivables	786,141	786,141			
Available-for-sale financial assets	738,878	50,104	688,774		
Financial assets held for trading	158,995			158,995	
Financial liabilities measured at cost	435,626	435,626			

*) The claim to reimbursement of pension obligations that is contained in the receivables due from related parties (see Section (10)) is not a financial instrument and therefore does not fall within the scope of IAS 39 and IFRS 7.

All the shares held by Axel Springer AG in two associated companies were sold in fiscal year 2007. The carrying amounts at the sale date totaled € 680 thousand and the recognized profit on the sale amounted to € 1,820 thousand.

(b) Non-derivative financial instruments

With the exception of the financial liabilities presented in the table below, the carrying amounts of the non-derivative financial instruments are identical to their fair values.

€ thousands	12/31/2007		12/31/2006	
	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities due to banks	940,944	940,939	110,579	112,275

(c) Net gains and losses

The net gains and losses of financial instruments (excluding derivative financial instruments subject to hedge accounting) recognized in the income statement are presented in the table below.

€ thousands	2007	2006
Loans and receivables / financial liabilities measured at cost	(9,525)	(9,721)
Available-for-sale financial assets	6,874	275
Financial assets und liabilities held for trading	(16,907)	19,525

The net gains and losses of loans and receivables and financial liabilities measured at cost consist mainly of valuation allowances, gains on disposal and income or expenses from the currency translation of these financial instruments. The net gains and losses of available-for-sale financial assets consist mainly of the gains and losses on the disposal of these financial instruments. The net gains and losses of financial assets und liabilities held for trading do not include interest. The financial instruments assigned to this category experienced mostly negative fair value changes in fiscal year 2007 and mostly positive fair value changes in the previous year.

In connection with the recognition directly in equity of changes in the fair value of available-for-sale financial assets, negative fair value changes of € 163,646 thousand (PY: positive fair value changes of € 381,630 thousand) were recognized directly in equity. Of the amounts recognized directly in equity, an amount of € 5,083 thousand was transferred to the income statement in 2007 (PY: € 0).

(41) Risk management

(a) Basic principles of risk management

With respect to its assets, liabilities and planned transactions, the Axel Springer Group is especially exposed to risks relating to changes in interest rates, foreign exchange rates and stock market prices. The task of financial risk management is to limit these market risks by means of targeted measures.

To this end, selected derivative hedging instruments are employed, depending on the assessment of the risk in question. Derivative financial instruments are used exclusively as hedging instruments; they are not used for trading or other speculative purposes.

To reduce the default risk, hedging transactions are conducted as a rule only with leading financial institutions that have top-quality credit ratings.

The use of financial derivatives is governed by appropriate guidelines of the Group. These guidelines define the relevant responsibilities, permissible actions and reporting requirements and prescribe the strict separation of trading and back-office functions.

With regard to the market price risks of selected financial instruments, compliance with prescribed loss limits is monitored on a daily basis. In principle, the effects of market price risks on the value of these financial instruments can be assessed promptly and where applicable the loss risks can be reduced.

(b) Interest rate risk

The Axel Springer Group is subject to interest rate risks primarily in the euro zone. To hedge the interest rate risk, the Group employs interest rate derivatives such as interest rate swaps, collars and forward rate agreements only in connection with an underlying transaction. The goals and methods are defined in the internal finance regulations. Market interest rate risks are assessed by means of sensitivity analysis techniques in accordance with IFRS 7. Such techniques represent the effects of changes in market interest rates on interest payments, interest income and expenses, other components of earnings and where applicable also on equity. The interest rate sensitivity analysis is conducted on the basis of the assumptions described below.

The market interest rate risks of non-derivative fixed-interest financial instruments have an impact on earnings only when they are measured at fair value. Therefore, all fixed-interest financial instruments measured at amortized cost do not represent interest rate risks within the meaning of IFRS 7.

The market interest rate risks have an impact on the earnings of non-derivative variable-interest financial instruments when the interest payments are not designated as underlying transactions for cash flow hedges against interest rate risks and are therefore included in the calculation of the sensitivity analysis with respect to earnings.

The market interest rate risks of financial instruments that have been designated as hedging instruments in connection with a cash flow hedge against cash flow variability resulting from changes in interest rates have an impact on the accumulated other comprehensive income section of equity and are therefore included in the sensitivity analysis with respect to equity.

The market interest rate risks of interest rate derivatives that are not part of a hedging relationship according to IAS 39 have an impact on the net financial income/expenses and are therefore included in the sensitivity analysis with respect to earnings.

If the market interest rates had been 50 basis points higher (lower) at the balance sheet date, the measured value of interest rate derivatives would have been € 10,132 thousand higher (€ 9,051 thousand lower). An earnings increase of € 334 thousand (or earnings reduction of € 29 thousand) would have occurred only with respect to the interest rate derivatives that are not designated as cash flow hedges. The other changes in measured value would have been recognized directly in equity.

At the balance sheet date, € 317 million of the variable-interest liabilities due to banks were not covered by interest rate hedging transactions.

(c) Currency risk

The currency risks of the Axel Springer Group result primarily from investments, financing activities and operating activities. Currency risks are hedged to the extent that they have an impact on the Group's cash flows. Currency risks that do not have an impact on the Group's cash flows (i.e., those risks that result from the currency translation of the assets and liabilities of foreign subsidiaries to the Group's reporting currency) are not taken into account. However, the Axel Springer Group may decide to hedge even such currency risks under certain circumstances.

In the area of operations, the individual Group companies conduct their business predominantly in their functional currency. They are exposed to operational currency risks only to a very small extent. These currency risks are hedged by means of forward exchange deals which are based on the strategic currencies that have been defined on the Groupwide level. The forward exchange dates of such transactions are determined on the basis of the expected cash flows.

Due to the relatively insignificant impact of currency risks on the Group's earnings and equity, a sensitivity analysis is not conducted for such risks.

(d) Credit risk

The Axel Springer Group is exposed to the risk that business partners may not be able to fulfill their obligations towards the Group. The maximum default risk is represented by the nominal values of each category of financial assets.

To reduce the credit risk, the Group conducts credit checks of its business partners. Investments in securities are made only in instruments with first-class ratings. Appropriate allowances for doubtful receivables, especially trade receivables, are formed to account for discernible default risks.

(42) Financial derivatives and hedging activities

(a) Interest rate futures
To hedge the fair value of the portfolio of fixed-interest securities, the Group entered into interest rate futures in fiscal year 2007. No hedge accounting was designated between the interest rate futures and the underlying transactions. In total, an amount of € 40 thousand was recognized as income from hedging transactions with interest rate futures in 2007. In addition, income in the amount of € 25 thousand was recognized as a valuation gain in the underlying fixed-interest securities in 2007. At December 31, 2007, the Group did not hold any interest rate futures.

(b) Fair value hedges
No fair value hedges were designated in fiscal year 2007.

(c) Cash flow hedges
The maturities and notional amounts of the existing swap transactions match the corresponding tranches of the Group's variable-interest loans. Under the interest rate swaps, the variable interest payments of existing loans are swapped for fixed-interest payments.

The swaps existing at the balance sheet date were designated as cash flow hedges and the changes in fair values were recognized in the accumulated other comprehensive income section of equity.

(d) Breakdown of financial derivatives
The notional amounts and market values of the financial derivatives break down as follows:

€ thousands	12/31/2007		12/31/2006	
	Notional amount	Fair value	Notional amount	Fair value
Assets				
Interest rate derivatives				
- not related to hedges	50,000	137	0	0
- related to cash flow hedges	300,000	2,697	0	0
Total	**350,000**	**2,834**	**0**	**0**
Equity and liabilities				
Interest rate derivatives				
- related to cash flow hedges	182,190	1,578	7,669	1,012
Total	**182,190**	**1,578**	**7,669**	**1,012**

At the balance sheet date, an amount of € 195 thousand (PY: - € 653 thousand) was recognized for changes in the fair value of financial derivatives in the accumulated other comprehensive income section of equity.

(43) Relationships with related parties

In accordance with IAS 24, the related parties of the Axel Springer Group are defined as those persons and companies that control or can exert a significant influence over the Axel Springer Group or that are controlled or subject to significant influence by the Axel Springer Group. In particular, the members of the Springer family, the companies controlled or subject to significant influence by this family, the active members of the Management Board and Supervisory Board of Axel Springer AG and the subsidiaries and associated companies of the Axel Springer Group have been defined as related parties.

Besides the business relationships with the subsidiaries included in the consolidated financial statements by way of full consolidation, the following business relationships existed with related parties:

€ thousands			
Balance sheet	**Note**	**12/31/2007**	**12/31/2006**
Loans	(i)	4,648	5,214
Receivables	(ii)	63,417	71,358
Provisions	(iii)	3,802	4,162
Liabilities	(iv)	42,785	45,267
Income statement		**2007**	**2006**
Goods and services supplied	(v)	116,285	112,678
Goods and services received	(vi)	186,862	190,562
Net financial income/expenses		1,850	63

(i) At the balance sheet date, the loans to related companies relate in particular to a company accounted for by the equity method.

(ii) Of the total receivables due from related companies, trade receivables accounted for € 20,965 thousand (PY: € 24,086 thousand). Of this amount, € 11,159 thousand (PY: € 14,055 thousand) was owed by associated companies, € 3,100 thousand (PY: € 3,255 thousand) by subsidiaries and € 5,149 thousand (PY: € 4,479 thousand) by other related companies. Valuation allowances were deducted from the receivables stated above. At the balance sheet date, significant allowances had been charged against receivables due from subsidiaries in the amount of € 5,932 thousand (PY: € 4,623 thousand) and against receivables due from associated companies in the amount of € 2,195 thousand (PY: € 2,309 thousand).

Moreover, a receivable of € 30,684 thousand (PY: € 31,764 thousand) was owed by a company accounted for by the equity method, in connection with the claim to reimbursement of pension obligations (see Sections (10) and (16)).

(iii) These are pension obligations owed to members of the Management Board.

(iv) The liabilities due to related companies consisted of trade payables in the amount of € 37,909 thousand (PY: € 40,912 thousand). Of this amount, € 15,270 thousand (PY: € 20,924 thousand) was owed to subsidiaries and € 14,088 thousand (PY: € 14,412 thousand) to companies accounted for by the equity method. An amount of € 3,804 thousand (PY: € 3,629 thousand) was owed to other related companies.

(v) Services provided to related companies were mostly related to the distribution of newspapers and magazines. Revenues of € 56,806 thousand (PY: € 52,310 thousand) were generated with associated companies in 2007 and revenues of € 51,885 thousand (PY: € 51,242 thousand) were generated with other related companies.

(vi) The services received from related companies were rendered primarily by companies accounted for by the equity method. Of this amount, € 16,716 thousand (PY: € 16,888 thousand) related to purchased publishing products and € 102,114 thousand (PY: € 102,453 thousand) printing plant services. In addition, services in the amount of € 12,343 thousand (PY: € 11,980 thousand) were purchased from non-consolidated subsidiaries.

Significant long-term contracts for printing services are in effect with two companies accounted for by the equity method. A contract of indefinite duration for the printing of newspapers is in effect with one company. The order volume in 2007 amounted to € 16 million (PY: € 14 million). A master agreement for the printing of magazines is in effect with the other company until December 31, 2019. Under this latter agreement, services in the amount of € 81 million (PY: € 84 million) were rendered for companies of the Axel Springer Group in 2007.

In 2007, the fixed compensation of the members of the Management Board of Axel Springer AG amounted to € 9,354 thousand (PY: € 6,864 thousand). The fixed compensation granted in fiscal year 2007 includes non-recurring amounts for security measures of € 1,005 thousand. The variable compensation amounted to € 5,688 thousand (PY: € 3,973 thousand). A portion of the variable compensation is tied to the achievement of a certain company value, calculated on an EBITA basis.

In 2004, the Management Board of Axel Springer AG purchased 62,300 shares in connection with the Management Participation Plan. This plan is accounted for in accordance with IFRS 2. In addition to the above-mentioned compensation, an amount of € 969 thousand

(PY: € 9,501 thousand) was contained in personnel expenses as an imputed compensation component for 2007, The additional paid-in capital was concurrently increased by the same amount. As of December 18, 2007, the Management Board has been entitled to exercise 50 % of the granted stock options, due to the majority sale by the shareholders Hellman & Friedman Rose Partners L.P. and Hellman & Friedman International Rose Partners L.P. and by companies affiliated with them, in December 2006. The remaining 50 % of the stock options can be exercised as of December 18, 2008. The Management Board did not exercise any stock options in 2007.

The pension provisions were reduced by an amount of € 360 thousand in fiscal 2007 (PY: increase of € 333 thousand); the value of these provisions was measured in accordance with the method described in (Section (3j)).

The compensation of the members of the Supervisory Board amounted to € 2,000 thousand in fiscal year 2007 (PY: € 3,880 thousand). This figure did not include any variable compensation (PY: € 3,080 thousand), but only fixed compensation (PY: € 800 thousand).

Supervisory Board member Prof. Lepenies receives an annual compensation of € 125 thousand for his services as an author.

An amount of € 2,039 thousand (PY: € 2,106 thousand) was paid to former Management Board members and their survivors and an amount of € 27 thousand (PY: € 27 thousand) was paid to former special directors. A total amount of € 26,514 thousand (PY: € 28,050 thousand) was allocated to the provisions for pension obligations towards former Management Board members and their survivors and an amount of € 236 thousand (PY: € 258 thousand) was allocated to the provision for pension obligations towards former special directors.

(44) Contingent liabilities

The contingent liabilities of the Group are presented in the table below:

€ thousands	12/31/2007	12/31/2006
Guarantees	21,775	22,763

At December 31, 2007, property, plant and equipment in the amount of € 111,003 thousand (PY: € 118,000 thousand) had been pledged as security for debts.

(45) Contingent receivables

Contingent receivables are due from KirchMedia GmbH & Co KGaA i.L. in the amount of € 286 million (see Section (12)).

Receivables in the amount of € 2.5 million due from the competent government authorities in relation to the non-completed share purchase agreement for the acquisition of 25.1 % of the equity of Telewizja Polsat S.A., Warsaw/Poland, by APF Aktuell Presse-Fernsehen Beteiligungsgesellschaft mbH, a subsidiary of Axel Springer AG, were not recognized in the balance sheet due to the uncertainty regarding the probability of an inflow of economic resources in the future.

(46) Other financial obligations

The future payment obligations under leases at December 31, 2007 break down as follows:

€ thousands	12/31/2007	12/31/2006
Firm orders for		
- intangible assets	13,115	9,588
- property, plant and equipment	10,783	7,433
- inventories	13,243	14,419
Future payments under operating leases	78,538	66,888
Long-term purchase obligations	177,200	302,000
Other financial obligations	**292,879**	**400,328**

The increase in the obligations under operating leases resulted primarily from the extended consolidation group. The long-term purchase obligations resulted from paper purchasing contracts.

The total future payment obligations under rental and lease agreements at December 31, 2007 break down as follows:

€ thousands	Due in up to one year	Due in one to five years	Due in more than five years	Total
Future payments under finance leases	223	0	0	223
Future payments under operating leases	21,146	47,586	9,806	78,538
Total	**21,369**	**47,586**	**9,806**	**78,761**

In the table below, the future payments under finance leases are reconciled with the carrying amounts of the recognized liabilities at December 31, 2007.

€ thousands	Due in up to one year	Due in one to five years	Due in more than five years	Total
payments	223	0	0	223
Interest portion	30	0	0	30
Principal portion	**193**	**0**	**0**	**193**

(47) Other events

The sale of the indirectly held investment in ProSieben-Sat.1 Media AG by Axel Springer AG to KKR/Permira, the co-shareholder of SAT.1 Beteiligungs GmbH, Munich, was finalized on January 15, 2008 (see Sections (3 g) and (14)). The estimated proceeds of this sale of € 515,285 thousand will be reflected in the consolidated financial statements for fiscal year 2008.

On November 30, 2007, Axel Springer AG entered into a limited partnership interest and share purchase agreement with Deutsche Telekom AG, for the acquisition of the minority interests in Bild.T-Online.de AG & Co. KG (the name of which has since been changed to BILD digital GmbH & Co. KG) and Bild.T-Online.de Verwaltungs AG (the name of which has since been changed to BILD digital Verwaltungs GmbH). Due to various conditions precedent, the agreement was finalized on January 3, 2008. The purchase price was € 55,000 thousand.

On January 25, 2008, PIN Group AG, Luxembourg, the parent company of the PIN sub-group, filed an application for insolvency proceedings. Applications for insolvency proceedings were likewise filed for another 37 subsidiaries. The provisional insolvency administrator for the PIN Group AG was appointed on February 15, 2008.

With effect at the end of 2008, PRINOVIS Ltd. & Co. KG, Hamburg plans to close its printing plant in Darmstadt. Axel Springer AG holds 25.1 % of the shares in this company.

The share purchase agreement for the acquisition of 25.1 % of the shares in Telewizja Polsat S.A., Warsaw/Poland, which had been concluded by a subsidiary of Axel Springer AG subject to various conditions precedent, was rejected by the Polish Cartel Office on formal grounds. In 2007, the parties agreed not to further pursue the acquisition of a minority interest. The share purchase agreement was cancelled by the parties on the basis of a contractual agreement of February 7, 2008.

(48) Summary of the consolidation group

No.	Fully consolidated companies	Share-holding in %	Held via No.	Other disclo-sures
	Domestic			
1	Axel Springer AG, Berlin	--	--	
2	Axel Springer Auto-Verlag GmbH, Hamburg	100.0	1	(1) (3)
3	AS Online Beteiligungs GmbH, Berlin	65.5	1	(5)
4	AS Osteuropa GmbH, Berlin	100.0	1	
5	AS TV-Produktions- und Vertriebsgesellschaft mbH, Hamburg	100.0	1	
6	AS Venture GmbH, Berlin	100.0	1	(1) (3) (7)
7	ASV Direktmarketing GmbH, Berlin	100.0	1	(1) (3) (7)
8	Axel Springer China GmbH, Hamburg	100.0	1	
9	Axel Springer Digital TV GmbH, Berlin	100.0	1	(1) (3) (5)
10	Axel Springer Digital TV Guide GmbH, Berlin	100.0	1	(1) (3) (5)
11	Axel Springer Finanzen Verlag GmbH, Munich	100.0	1	(1) (3) (7)
12	Axel Springer Mediahouse Munich GmbH, Munich	100.0	1	(1) (3)
13	Axel Springer Media Logistik GmbH, Berlin	100.0	1	
14	Axel Springer Medien Accounting Service GmbH, Berlin	100.0	1	(5)
15	Axel Springer TV Productions GmbH, Hamburg	100.0	1	(1) (3) (7)
16	"Axel Springer Verlag" Beteiligungsgesellschaft mbH, Berlin	100.0	1	(1) (3) (7)
17	Axel Springer Verlag Vertriebsgesellschaft mbH, Hamburg	100.0	1	
18	Bergedorfer Buchdruckerei von Ed. Wagner (GmbH & Co.), Hamburg	100.0	1	(4) (7)
19	Berliner Wochenblatt Verlag GmbH, Berlin	100.0	42	(1)
20	Bild.T-Online.de AG & Co. KG, Berlin	63.0	1	(4) (7)
21	Buch- und Presse-Großvertrieb Hamburg GmbH & Co. KG, Hamburg	76.9	1	(4)
22	B.Z. Ullstein GmbH, Berlin	100.0	37	
23	Commerz-Film GmbH, Berlin	100.0	1	(1) (3) (5)
24	Computerbild Online Dienstleistungs-GmbH, Hamburg	100.0	1	(1) (3) (5)
25	eprofessional GmbH, Hamburg	60.0	43	(5)
26	Idealo Internet GmbH, Berlin	74.9	6	
27	Immonet GmbH, Hamburg	100.0	1	(1) (3)
28	ims Internationaler Medien Service GmbH & Co. KG, Hamburg	55.0	1	(4) (5)
29	Niendorfer Wochenblatt Verlag GmbH & Co. KG, Hamburg	100.0	42	(4)
30	"Sächsischer Bote" Wochenblatt Verlag GmbH, Dresden	100.0	42	(1)
31	SAT.1 Beteiligungs GmbH, Munich	48.2	16	(2)
32	Schwartzkopff TV- Productions GmbH & Co. KG, Hamburg	100.0	15	(4)
33	Smarthouse Media GmbH, Karlsruhe	76.0	1	(5)
34	Sport-B.Z. GmbH, Berlin	100.0	37	
35	T + M Presse-Marketing GmbH, Hamburg	95.0	36	(5)
36	T + M Verlags GmbH, Hamburg	95.0	38	(5)
37	Ullstein GmbH, Berlin	100.0	16	(1) (3) (7)
38	VISION MEDIA Holding GmbH, Hamburg	100.0	1	(5)
39	VVDG Verlags- und Industrieversicherungsdienste GmbH, Berlin	100.0	16	(1) (3)
40	wallstreet:online AG, Berlin	50.1	11	(5)
41	wallstreet:online capital AG, Berlin	75.1	11	(5)
42	WBV Wochenblatt Verlag GmbH, Hamburg	100.0	1	
43	ZANOX.de AG, Berlin	60.0	6	(5)
44	ZZ-Kurier Gesellschaft für Zeitungs- und Zeitschriften-Vertrieb mbH, Hamburg	100.0	1	(1) (3)
45	83 German subsidiaries of PIN Group AG, Leudelingen/Luxembourg		64	(6)
	Foreign			
46	"Axel Springer Polska" Sp. zo.o., Warsaw/Poland	100.0	1	
47	Amiado AG, Zurich/Switzerland	100.0	58	(5)
48	Anima Publishers, s.r.o., Zlin/Czech Republic	74.9	56	(5)
49	auFeminin.com Productions SARL, Paris/France	44.6	50	(5)
50	auFeminin.com S.A., Paris/France	44.6	3	(5)
51	AXEL SPRINGER - BUDAPEST GmbH, Budapest/Hungary	92.9	1	
52	Axel Springer - Hungary GmbH, Tatabánya/Hungary	93.5	1	
53	Axel Springer Editions S.A.S., Levallois-Perret	100.0	55	
54	Axel Springer España S.A., Madrid/Spain	100.0	1	
55	Axel Springer France S.A.S., Levallois-Perret/France	100.0	1	
56	Axel Springer Praha a.s., Prague/Czech Republic	100.0	1	
57	Axel Springer Switzerland AG, Zurich/Switzerland	99.9	1	(5)
58	Handelszeitung Fachverlag AG, Zurich/Switzerland	100.0	59	
59	Handelszeitung und Finanzrundschau AG, Zurich/Switzerland	100.0	1	
60	Les Publications Grand Public S.A.S., Levallois-Perret/France	100.0	55	
61	Marmiton SAS, Paris/France	44.6	50	(5)
62	Népújság GmbH, Békéscsaba/Hungary	94.0	16	
63	Petőfi Zeitungs- und Buchverlag GmbH, Kecskemet/ Hungary	94.0	16	
64	PIN Group AG, Leudelingen/Luxembourg	63.7	1	(6)
65	Shanghai Springer Advertising Co., Ltd, Shanghai/China	100.0	8	
66	Shanghai Springer Print Media Distribution Co., Ltd, Shanghai/China	100.0	8	
67	SmartAdServer SAS, Paris/France	44.6	50	(5)
68	TR7 AG, Zurich/Switzerland	99.9	57	(5)
69	Viviana Investments Sp. z o.o., Warsaw/Poland	100.0	46	(5)
70	zanox B.V., Amsterdam/Netherlands	60.0	43	(5)
71	ZANOX Hispania SL, Las Rozas/Spain	60.0	43	(5)
72	zanox Inc., Chicago/USA	60.0	43	(5)
73	zanox ltd., London/United Kingdom	60.0	43	(5)
74	zanox SAS, Paris/France	60.0	43	(5)
75	zanox SRL, Milan/Italy	60.0	43	(5)
76	zanox we create partners AB, Stockholm/Sweden	60.0	43	(5)
77	ZAO "Axel Springer Russia", Moscow/Russia	100.0	4	
78	Zöld Ujság Massenmedien- und Verlags-AG, Tatabánya/Hungary	93.5	52	

No.	Fully consolidated special-purpose entities	Share-holding in %	Held via No.	Other disclo-sures
	Domestic			
79	Axel-Springer-Immobilien-Fonds-I Dr.Rühl & Co.KG, Düsseldorf	--	--	
80	Axel-Springer-Immobilien-Fonds-II-Produktionszentrum Dr.Rühl & Co.KG, Düsseldorf	--	--	
81	Axel-Springer-Immobilien-Fonds-III- Ostflügel Dr.Rühl & Co.KG, Düsseldorf	--	--	
82	BayernInvest AS Invest Plus-Fonds, Munich	--	--	

No.	Companies accounted for by the equity method	Share-holding in %	Held via No.	Other disclo-sures
	Domestic			
83	buecher.de GmbH & Co. KG, Augsburg	33.2	1	(5)
84	Cora Verlag GmbH & Co. KG, Hamburg	50.0	16	
85	Jahr Top Special Verlag GmbH & Co. KG, Hamburg	50.0	16	
86	Kieler Zeitung GmbH & Co. Offsetdruck KG, Kiel	24.5	1	
87	Kieler Zeitung Verlags- und Druckerei KG - GmbH & Co., Kiel	24.5	1	
88	Kieler Zeitung Verwaltungs GmbH & Co. Beteiligungs KG, Kiel	24.5	1	
89	Leipziger Verlags- und Druckereigesellschaft mbH & Co. KG, Leipzig	50.0	1	
90	Lübecker Nachrichten GmbH, Lübeck	49.0	1	
91	Myby GmbH & Co. KG, Düsseldorf	25.1	1	(5)
92	Ostsee-Zeitung GmbH & Co. KG, Rostock	50.0	1	
93	StepStone Deutschland AG, Düsseldorf	49.9	1	
94	PRINOVIS Ltd. & Co. KG, Hamburg	25.1	1	
95	ZertifikateJournal AG, Veitshöchheim	30.0	1	(5)
	Foreign			
96	Doğan TV Holding A.S., Istanbul/Turkey	25.0	23	(5)
97	EMAP France/Axel Springer (EMAS) S.E.N.C., Paris/France	50.0	1	

Additional disclosures:
(1) Management control and profit transfer agreement with the parent company
(2) Consolidation of the business attributable to Axel Springer AG
(3) Section 264 (3) HGB was applied.
(4) Section 264b HGB was applied.
(5) Included in the consolidation group for the first time in fiscal year 2007.
(6) Fully consolidated for the first time in fiscal year 2007 due to the acquisition of a majority interest in PIN Group AG, which had formerly been accounted for by the equity method.
(7) The company has opted not to prepare its own consolidated financial statements.

(49) Supervisory Board and Management Board

The Supervisory Board was composed of the following persons in fiscal year 2007:

Supervisory Board member	Seats on other legally mandated Supervisory Boards	Seats on comparable boards in Germany and abroad
Dr. Giuseppe Vita, Chairman	Deutz AG (Chairman) Hugo Boss AG (Chairman) Vattenfall Europe AG	Allianz Italy S.p.A., formerly: Riunione Adriatica di Sicurtà (RAS) S.p.A., Italy (Chairman of the Board of Directors) Humanitas S.p.A., Italy (Board of Directors) Barilla S.p.A., Italy (Board of Directors) Gruppo Banca Leonardo, Italy (since July 2007) (Chairman of the Board of Directors)
Dr. h. c. Friede Springer, Vice Chairwoman Businesswoman, Berlin	Alba Berlin AG	Deutsche Bank AG (Advisory Board)
Dr. Gerhard Cromme, Chairman of the Supervisory Board ThyssenKrupp AG, Düsseldorf	Allianz SE Deutsche Lufthansa AG (until June 30, 2007) E.ON AG (until June 30, 2007) Siemens AG (Chairman) ThyssenKrupp AG (Chairman)	Suez S.A., France BNP Paribas S.A., France (until June 30, 2007) Compagnie de Saint Gobain, France (until June 30, 2007)
Leonhard H. Fischer, (until April 19, 2007) CEO EMEA, Credit Suisse, UK (until March 31, 2007)	AXA Konzern AG DBV Winterthur Holding AG (Chairman)	
Oliver Heine, Attorney at law, Hamburg		
Klaus Krone, Businessman, Berlin	Buchanan Capital Holding AG (Chairman)	Handelshochschule Leipzig GmbH (Supervisory Board) borawind AG, Switzerland (Chairman of the Board of Directors)
Prof. Dr. Wolf Lepenies, University Professor, Berlin		
Michael Lewis, (since April 19, 2007) Investment Manager, London/ Great Britain		Oceana Retail Holdings Limited, UK (Chief Executive) Oceana Investment Corporation Limited, UK (Executive) TriAlpha Oceana Concentrated Opportunities Fund Limited, Channel Islands (since February 16, 2007) (Non-Executive) Cheyne Capital Management Limited, UK (Non-Executive) Britain Israel Communications & Research Centre, UK (Chairman of the Board) The Trialogue Educational Trust, UK (Non-Executive) Foschini Limited, South Africa (Non-Executive) Strandbags Group (Pty) Limited, Australia (Non-Executive) ProChon Biotech Limited, Israel (Non-Executive)
Dr. Michael Otto, Chairman of the Supervisory Board of Otto (GmbH & Co KG), Hamburg	Chairman of the Supervisory Board of Otto (GmbH & Co)	FORUM Grundstücksgesellschaft mbH (Chairman of the Advisory Board)
Brian M. Powers, CEO of investment group Hellman & Friedman LLC, USA		Artisan Partners Limited Partnership, USA (Advisory Board)

The following persons served on the Management Board in fiscal year 2007:

Management Board member	Seats on other legally mandated Supervisory Boards	Seats on comparable boards in Germany and abroad
Dr. Mathias Döpfner, Board Chairman Head of Newspapers Division (until December 2007) Head of WELT-Group/Regional Newspapers and International (from December 2007) Journalist	ProSiebenSat.1 Media AG (until January 15, 2008)	dpa Deutsche Presse Agentur GmbH (Supervisory Board) Leipziger Verlags- und Druckereigesellschaft mbH & Co. KG (Advisory Board) Axel Springer Digital TV GmbH (Supervisory Board) B.Z. Ullstein GmbH (Supervisory Board) Time Warner Inc., USA (Board of Directors) Doğan Yayin Holding A.AS., Turkey (March to December 2007)
Rudolf Knepper, Vice Chairman and Head of Printing and Logistics Master's degree in engineering and master's degree in business/engineering		PIN Group AG, Luxembourg (member of the Board of Directors until December 19, 2007) PRINOVIS Ltd., UK (Member of the Board)
Steffen Naumann Head of Finance and Services Master's degree in business administration and master's degree in economics	Odeon Film AG (Chairman of Supervisory Board)	esmt European School of Management and Technology GmbH, Berlin (Supervisory Board) Axel Springer International Finance B.V., Netherlands (Supervisory Board) PIN Group AG, Luxembourg (member of the Board of Directors from September 10, 2007 to December 19, 2007)
Dr. Andreas Wiele Head of Magazines and International (until December 2007) Head of BILD-Group and Magazines (from December 2007) Lawyer	Bild.T-Online.de Verwaltungs AG ZANOX.de AG	Jahr Top Special Verlag GmbH & Co. KG (Advisory Board) Axel Springer Digital TV GmbH (Supervisory Board) Handelszeitung und Finanzrundschau AG, Switzerland (Board of Directors) Axel Springer Praha a.s., Czech Republic (Supervisory Board) Axel Springer Schweiz AG, Switzerland (Chairman of the Board of Directors) auFeminin.com S.A., France (Supervisory Board)

(50) Declaration of Conformity with the German Corporate Governance Code

In December 2007, 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) at 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 on page 64 of the Annual Report.

(51) Disclosures concerning securities transactions or investments subject to the notification requirement pursuant to Section 15a WpHG and Sections 21 ff. WpHG.

H&F Rose Partners, L.P., H&F Rose Investors Ltd., HFCP IV (Bermuda), L.P., H&F Investors IV (Bermuda), L.P. and H&F Corporate Investors IV (Bermuda) Ltd., all with their head offices in Hamilton, Bermuda, made the following notifications to Axel Springer AG pursuant to Sections 21 (1), 22 (1) (1) WpHG in January 2007:

1. On December 11, 2006, the shareholding of H&F Rose Partners L.P. fell below the threshold limit of 10 % of the voting rights in Axel Springer AG, with its head office in Berlin, in accordance with Section 21 (1) WpHG. Since

that time, H&F Rose Partners L.P. has held a voting rights share of 7.57 %.

2. On December 11, 2006, the shareholding of H&F Rose Investors Ltd. fell below the threshold limit of 10 % of the voting rights in Axel Springer AG, with its head office in Berlin, in accordance with Sections 21 (1), 22 (1) (1) (1) WpHG. Since that time, H&F Rose Investors Ltd. has held a voting rights share of 7.57 %. These voting rights are attributable in full to H&F Rose Investors Ltd. in accordance with Section 22 (1) (1) (1) WpHG.

3. On December 11, 2006, the shareholding of HFCP IV (Bermuda), L.P. fell below the threshold limit of 10 % of the voting rights in Axel Springer AG, with its head office in Berlin, in accordance with Sections 21 (1), 22 (1) (1) (1) WpHG. Since that time, HFCP IV (Bermuda), L.P. has held a voting rights share of 7.57 %. These voting rights are attributable in full to HFCP IV (Bermuda), L.P. in accordance with Section 22 (1) (1) (1) WpHG.

4. On December 11, 2006, the shareholding of H&F Investors IV (Bermuda), L.P. fell below the threshold limit of 10 % of the voting rights in Axel Springer AG, with its head office in Berlin, in accordance with Sections 21 (1), 22 (1) (1) (1) WpHG. Since that time, H&F Investors IV (Bermuda), L.P. has held a voting rights share of 9.40 %. These voting rights are attributable in full to H&F Investors IV (Bermuda), L.P. in accordance with Section 22 (1) (1) (1) WpHG.

5. On December 11, 2006, the shareholding of H&F Corporate Investors IV (Bermuda) Ltd. fell below the threshold limit of 10 % of the voting rights in Axel Springer AG, with its head office in Berlin, in accordance with Sections 21 (1), 22 (1) (1) (1) WpHG. Since that time, H&F Corporate Investors IV (Bermuda) Ltd. has held a voting rights share of 9.40 %. These voting rights are attributable in full to H&F Corporate Investors IV (Bermuda) Ltd. in accordance with Section 22 (1) (1) (1) WpHG.

On October 30, 2007, Axel Springer AG reported, in accordance with Section 26 (1) (2) in conjunction with Section 21 (1) (1) WpHG, the purchase of treasury shares. Together with the treasury shares that had already been held by Axel Springer AG, the percentage of share capital and voting rights held by Axel Springer AG reached the level of 10.00 % on October 29, 2007.

On November 30, 2007, Axel Springer AG reported, in accordance with Section 26 (1) (2) WpHG in conjunction with Section 21 (1) (1) WpHG, that it had retired treasury shares representing 3.00 % of the share capital on November 29, 2007. At the same time, the share capital of the company was reduced from € 102,000,000 to € 98,940,000. As a result of the capital reduction, Axel Springer AG has held 2,380,000 registered shares representing about 7.22 % of the share capital after the retirement of treasury shares and of the voting rights of the company since November 29, 2007. Axel Springer AG is not allowed to exercise the voting rights of the treasury shares.

On November 30, 2007, the company also reported, in accordance with Section 26a WpHG in conjunction with Section 26 (1) WpHG, that the total number of voting rights at the end of November 2007 was now 32,980,000, due to the retirement of 1,020,000 registered shares. The change in the total number of voting rights took effect on November 29, 2007.

Disclosures regarding securities transactions subject to the notification requirement pursuant to Section 15a WpHG:

Persons exercising managerial duties or legal persons closely related to persons exercising managerial duties	Date	Transaction	Number	Price in €
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	06/29/2007	Purchase	500	122.00
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/02/2007	Purchase	4,000	124.36
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/03/2007	Purchase	5,300	126.67
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/04/2007	Purchase	5,000	129.98
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/09/2007	Purchase	14,000	134.32
Dr. Giuseppe Vita	07/09/2007	Purchase	3,500	134.42
Dr. Giuseppe Vita	07/10/2007	Purchase	1,500	134.00
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/10/2007	Purchase	20,510	134.00
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/11/2007	Purchase	9,532	133.99
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/12/2007	Purchase	2,768	133.48
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/13/2007	Purchase	12,220	133.98
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/16/2007	Purchase	350	134.00
Oliver Heine	07/23/2007	Purchase	2,000	126.00
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	08/08/2007	Purchase	356	126.60
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	08/09/2007	Purchase	16,761	126.41
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	08/10/2007	Purchase	2,235	125.00
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	09/11/2007	Purchase	886	126.00
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	09/12/2007	Purchase	743	125.96
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	09/13/2007	Purchase	2,321	126.00
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	10/12/2007	Purchase	4,150	119.75
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	12/21/2007	Purchase	1,913	98.08
Dr. h.c. Friede Springer	01/25/2008	Purchase	23,626	71.74
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	01/28/2008	Purchase	4,123	75.40
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	01/29/2008	Purchase	8,635	77.48
Dr. h.c. Friede Springer	01/29/2008	Purchase	39,022	75.16
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	02/01/2008	Purchase	15,000	80.38
Dr. h.c. Friede Springer	02/08/2008	Purchase	50,603	79.94

No further notifications were received by the company.

(52) Dividend proposal and declaration of the legal representatives

Dividend proposal:

The annual financial statements of Axel Springer AG for fiscal year 2007 show an unappropriated net profit of

€ 131,920,000.

The Management Board proposes that from the unappropriated net profit of € 131,920,000, an amount of € 122,400,000 be used to distribute a dividend of € 4.00 per qualifying share for fiscal year 2007 and that the remaining amount of € 9,520,000 be appropriated to the other retained earnings reserves.

The proposed utilization of the unappropriated net profit takes account of the treasury shares held by the company (currently 2,380,000 shares), which do not qualify for dividends. The number of shares qualifying for dividends can decrease or increase in the time remaining until the annual shareholders' meeting, if additional shares would be purchased or sold. In this case, an appropriately adjusted proposal for the utilization of the unappropriated net profit will be submitted to the annual shareholders' meeting, without changing the proposed distribution EUR 4.00 per qualifying share.

Declaration of the legal representatives:

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Berlin, March 3, 2008

Axel Springer AG

(Dr. Mathias Döpfner) (Rudolf Knepper)

(Steffen Naumann) (Dr. Andreas Wiele)

Circulation – International

Newspapers in Poland

Average paid circulation, ZKDP data	2007[1]	Change year-on-year
FAKT	514,351	0.13 %
DZIENNIK	189,940	- 12.34 %
Prezeglad Sportowy [1]	67,550	

1) Since 11/2007 part of the portfolio of Axel Springer

Newspapers in Hungary

Average paid circulation, MATESZ Quick Report	2007[1]	Change year-on-year
BARANYA	46,812	- 0.91 %
KECSKEMÉT	36,904	- 2.40 %
SOMOGY	32,771	- 3.33 %
BÉKÉSCSABA	29,822	- 4.86 %
SZOLNOK	27,012	- 2.22 %
HEVES	21,247	1.44 %
KOMÁROM	19,750	- 3.46 %
TOLNA	20,138	- 0.05 %
VASÁRNAP REGGEL	155,532	- 1.20 %
VILÁGGAZDASÁG	13,267	- 5.68 %

1) 01/07-09/07

Magazines in Poland

Average paid circulation, ZKDP data	2007[1]	Change year-on-year
NEWSWEEK POLSKA	137,923	- 5.30 %
FORBES	42,061	6.79 %
DZIEWCZYNA	151,346	- 13.47 %
POPCORN	122,161	- 21.78 %
AUTO SWIAT	119,619	- 3.04 %
AUTO SWIAT PORADNIK	39,285	
KOMPUTER SWIAT	88,274	- 18.69 %
KOMPUTER SWIAT GRY	29,811	- 19.47 %
PLAY	31,089	8.83 %
KOMPUTER SWIAT EKSPERT	47,122	- 35.14 %

1) 01/07-10/07

Magazines in Hungary

Average paid circulation, MATESZ Quick Report	2007[1]	Change year-on-year
TVR-HÉT	222,352	- 5.44 %
TV KÉTHETES	220,999	- 4.03 %
TVR-ÚJSÁG	150,667	- 2.84 %
SZÍNES KÉTHETES	121,440	0.19 %
SÁRGA TV[2]	88,703	
KISKEGYED	202,387	- 3.03 %
FANNY	99,329	- 6.17 %
TERE FERE	49,509	
GLAMOUR	56,181	6.48 %
HÖLGYVILÁG	40,640	- 18.00 %
GYÖNGY	32,440	- 3.33 %
ÜGYES	92,690	- 3.85 %
REJTVÉNY TEREFERE[2]	49,491	2.00 %
KÓPÉ[2]	47,216	2.81 %
ESZES[2]	33,552	- 8.41 %
JÓ VICC[2]	17,127	- 7.03 %
FANNY REJTVÉNY[2]	22,353	
KISKEGYED REJTVÉNY[2]	15,377	
TVR-HÉT REJTVÉNY[2]	12,191	
AUTO BILD	41,083	7.73 %
AUTO MOTOR	40,635	- 5.43 %
LAKÁSKULTÚRA	46,796	- 11.89 %
KISKEGYED OTTHONA	36,045	
POPCORN	43,511	- 18.48 %
100 X SZÉP	37,895	- 11.90 %
KISKEGYED KONYHÁJA	62,392	9.94 %
FANNY KONYHA	64,141	
CSÓK ÉS KÖNNY	24,994	- 12.02 %
MANAGER MAGAZIN	12,659	- 3.20 %

1) 01/07-09/07
2) Company data

Magazines in Switzerland

Average paid circulation, WEMF data	2007	Change year-on-year
STOCKS	20,736	13.63 %
PME MAGAZINE	12,053	
BILANZ[1)]	38,660	1.74 %
BEOBACHTER[1)]	311,910	- 0.98 %
TV STAR[1)]	170,395	0.83 %
Tele[2)]	160,895	
TV4[2)]	59,469	

1) Since the acquisition of the majority of Jean Frey AG in 01/2007 part of the portfolio of Axel Springer
2) Since 06/2007 part of Axel Springer Schweiz, anciently Ringier AG

Magazines in Spain

Average paid circulation, OJD data	2007[1)]	Change year-on-year
COMPUTER HOY	99,749	- 8.95 %
PERSONAL COMPUTER & INTERNET	80,939	- 7.89 %
PC TODAY	26,538	- 15.11 %
HOBBY CONSOLAS	83,103	- 3.27 %
PLAYMANÍA	77,092	- 22.16 %
NINTENDO ACCIÓN	69,527	- 10.48 %
MICROMANÍA	39,932	- 15.30 %
COMPUTER HOY JUEGOS	30,181	- 10.44 %
AUTO BILD[2)]	56,381	8.43 %
AUTO BILD 4X4[3)]	23,850	

1) 04/06-03/07
2) 07/06-06/07
3) 06/07-08/07

Magazines in France

Average paid circulation, OJD data	2007[1)]	Change year-on-year
TÉLÉ MAGAZINE	380,307	- 0.90 %
VIE PRATIQUE GOURMAND	179,679	6.33 %
AUTO PLUS (im JV)[2)]	312,925	1.46 %

1) 07/06-06/07
2) Previous year 07/05- 06/06

Magazines in Russia

Average paid circulation, company data	2007	Change year-on-year
FORBES	90,488	23.56 %
NEWSWEEK	36,923	6.59 %
COMPUTER BILD	56,870	67.98 %
OK!	90,655	48.55 %

Magazines in the Czech Republic

Average paid circulation, ABC Czech Republic	2007[1)]	Change year-on-year
TOP DIVKY	47,587	- 5.76 %
POPCORN	29,203	- 5.20 %
SVET MOTORU	35,694	- 2.74 %
AUTO TIP	24,789	- 1.65 %
PLAYBOY	10,929	- 3.01 %

1) 04/07-09/07

Glossary

Media Glossary

Banner advertising The advertisement is embedded into the website as a graphic or flash file.

Classified ads business Small ads that generally appear in daily newspapers arranged in specific categories, e.g. jobs, property and cars.

Coverage Percentage of a target group that is reached at least once by an advertising vehicle or a combination of advertising vehicles.

Cross-media marketing Refers to marketing campaigns that utilize multiple media at the same time, where reference is made to the advertisements presented in the other media, respectively.

Digitization Conversion of creative output that has already been used for print media to electronic media, e.g. Internet, television or radio.

Electronic Program Guide This term refers to the digital version of printed magazine guides for TV programs and radio programs, which is integrated into the reception device.

General interest magazine Magazine which in contrast to a special interest magazine aims to reach a wide public.

Gross advertising revenues Revenues generated by advertisers as a result of the placement of advertisements. Gross advertising revenues do not take any rebates, discounts or other price reductions into account that are granted to advertisers and agencies.

IPTV Internet Protocol Television refers to the digital transmission of broadband applications, such as TV programs and movies, via a digital data network. The Internet protocol (IP) on which the Internet itself is based is used for this purpose.

IVW German circulation auditing organization.

Licensed edition Print medium that appears on the basis of permission granted by a licensor to duplicate or perform works that are protected by copyright.

Newsroom An editorial center where all news content is collected, processed and produced for various media channels, e.g. online, TV, print and mobile services.

Newsstand paper Newspaper which in contrast to a subscription newspaper is distributed via retail outlets.

Nielsen/NetRatings An Internet tracking service that collects data on the usage of websites and Internet applications by way of an online panel. This service is offered by Nielsen Online, a division of the Nielsen Company.

Offset printing Printing process that works on the principle that oil and water do not mix. The printing areas on the printing plate repel water and attract the greasy ink, while the non-printing areas attract water and repel the greasy ink.

Page impression This term refers to the request to load a single page of a website. It corresponds to the gross reach.

Portal Websites covering a wide range of different subjects that help users to navigate the internet. Special portals such as car or book portals try to cover the complete range of their target group's interests via a joint entry platform.

Rotogravure printing process in which the printing areas are recessed in a cylinder, while the non-printing areas are raised.

Subscription newspaper Newspaper which in contrast to a newsstand paper is distributed primarily by delivery.

Unique audience Number of persons who have visited a website at least once during a specified period of time. It corresponds to the net reach.

Unique visitors See unique audience.

Visits This term refers to single user sessions. After an interruption of 30 minutes, a new visit is counted.

Financial Glossary

Associated companies Companies are classified as associated companies if the Axel Springer Group has the ability to exert significant influence over the financial and operating policies of the company by participating in the corresponding decision processes. These are mainly investments where the Axel Springer Group has at least 20 % and less than 50 % of voting rights.

Basic earnings per share Net income for the year divided by the weighted average number of ordinary shares outstanding during the year.

Cash flow Inflow of funds generated during a period.

Deferred taxes Deferred taxes are recognized to account for the future tax effects of temporary differences between the book values of assets and liabilities for tax purposes and the carrying amounts of such assets and liabilities in the IFRS financial statements as well as for realizable loss carryforwards.

Derivative financial instruments Financial instruments for which the value is based on an underlying transaction or value (e.g. security, interest rate, currency, loan). Derivative financial instruments are utilized to hedge currency and interest rate risks.

Diluted earnings per share The calculation of diluted earnings per share additionally includes the effects of potential ordinary shares (e.g. from management participation program). The calculation follows IAS 33.

EBIT Earnings before Interest and Taxes.

EBITA Earnings before Interest, Taxes and Amortization = earnings before interest, taxes and goodwill impairments.

EBITA margin EBITA divided by revenue.

EBITDA Earnings before Interest, Taxes, Depreciation and Amortization = earnings before interest, taxes, depreciation, amortization and impairments.

EBITDA margin EBITDA divided by revenue.

Equity method The equity method is a method of accounting for investments in consolidated financial statements under which changes in net assets are added to or deducted from acquisition cost of the investment. The equity method is used for investments in associated companies.

Equity ratio Equity divided by total liabilities and equity.

Expected net loss Amount determined in the risk management process. It is calculated by multiplying the amount of the loss by the probability that the loss will be incurred.

Fair value Amount for which assets or liabilities could be traded between knowledgeable, willing parties in an arm's length transaction. Market prices (e.g. stock exchange quotations) and reference transactions or valuation models are used to measure fair value.

Free float Portion of a company's shares held by shareholders with relatively small shareholdings, both in terms of number and percentage of shares held.

IFRS Acronym for International Financial Reporting Standards. General term for the accounting standards issued by the IASB. The IFRS consist of a theoretical framework as well as a large number of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) covering specific subject areas in detail. The standards are supplemented by interpretations of specific topics issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

ISIN Acronym for International Securities Identification Number. International identification number for securities used to identify securities unambiguously worldwide.

M&A (abbreviation for: mergers & acquisitions) Strategy employed by Axel Springer in purchasing and selling companies and stakes in companies for the purpose of expanding business activities at home and abroad or for improving efficiency through internal restructuring within the group.

Risk inventory Documentation of all information gained during risk analysis (identification and assessment of risks). A risk inventory provides information about an entity's risk situation in a condensed format.

Special-purpose entities Under IAS 27 in connection with SIC 12, a special-purpose entity has to 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 rest with Axel Springer. This requirement is not conditional on the Axel Springer Group holding an equity interest in the special purpose entity.

Contact

Axel Springer AG

Investor Relations
ir@axelspringer.de
Phone: +49 (0) 30 25 91-7 74 20/-7 74 24

Corporate Communications
information@axelspringer.de
Phone: +49 (0) 30 25 91-7 76 00

Address

Axel Springer AG
Axel-Springer-Straße 65
10888 Berlin
Germany
Phone: +49 (0) 30 25 91-0

Information

The Annual Report and
further information about
Axel Springer are also
available on the Internet:
www.axelspringer.com

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Corporate Communications

Photos: ullstein bild
Daniel Biskup