09

Annual Report

axel springer

Contents

Group Key Figures

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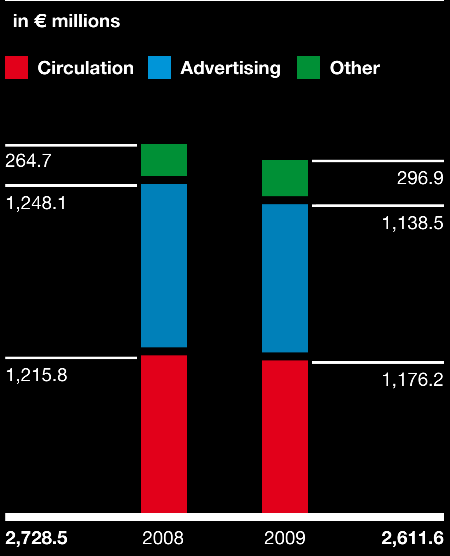
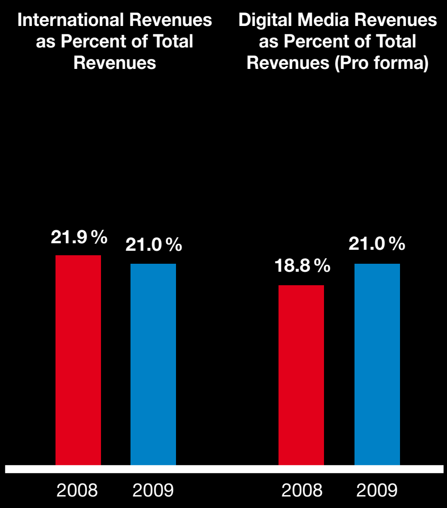
in € millions	**2005**	**2006**	**2007**	**2008**	**2009**	**Change yoy**
Revenues	**2,391.5**	**2,375.9**	**2,577.9**	**2,728.5**	**2,611.6**	**–4.3 %**
International revenues	383.7	383.2	537.2	596.8	547.6	–8.2 %
International revenues as percent of total revenues	*16.0 %*	*16.1 %*	*20.8 %*	*21.9 %*	*21.0 %*	
Pro forma revenues Digital Media				543.5	569.0	4.7 %
Digital Media revenues as percent of total revenues (Pro forma)				*18.8 %*	*21.0 %*	
EBITDA[1]	**413.6**	**433.9**	**470.0**	**486.2**	**333.7**	**–31.4 %**
EBITDA-margin[1]	*17.3%*	*18.3%*	*18.2%*	*17.8%*	*12.8%*	
Consolidated net profit/loss	231.4	290.8	–288.4	571.1	313.8	–45.0 %
Consolidated net profit/loss, adjusted[2]	202.1	205.0	234.6	254.6	152.6	–40.0 %
Total assets[3]	2,612.0	3,124.0	3,826.9	2,809.1	2,934.3	4.5 %
Equity[3]	1,185.0	1,795.1	1,211.8	1,067.7	1,196.8	12.1 %
Equity ratio[3]	*45.4%*	*57.5%*	*31.7%*	*38.0%*	*40.8%*	
Free cash flow	220.2	233.9	238.7	219.7	231.3	5.3 %
Net debt/liquidity	327.2	477.4	–743.1	–369.5	–193.0	-
Earnings per share (in €)[4]	7.33	9.13	–9.70	18.54	10.19	–45.0 %
Earnings per share, adjusted (in €)[2][4][5]	6.79	6.88	7.88	8.55	5.13	–40.0 %
Dividend (in €)[6]	1.70	3.50	4.00	4.40	4.40	0.0 %
Year-end share price (in €)	108.00	136.45	98.00	51.39	75.05	46.0 %
Average number of employees	10,166	9,733	10,348	10,666	10,740	0.7 %

1) Adjusted for non-recurring effects and effects of purchase price allocations.
2) Adjusted for significant, non-operating items.
3) The figures as of December 31, 2008 were adjusted for the effects of the changed accounting method for pension commitments.
4) Diluted.
5) The adjusted diluted earnings per share for all years presented herein were calculated on the basis of the weighted average shares outstanding (diluted) in fiscal year 2009.
6) Dividend proposal for the fiscal year 2009.

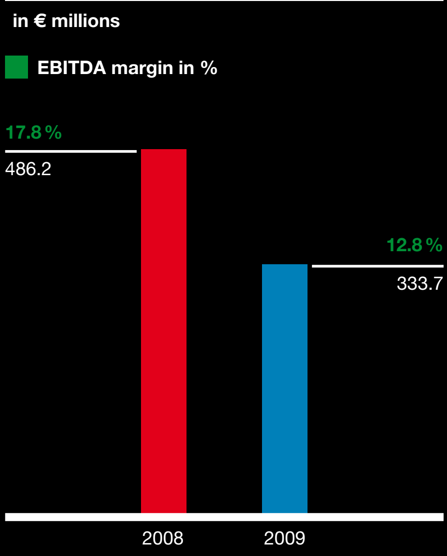
Revenues 4.3 % below prior year



International and Digital Share more than 20 %



Double-digit EBITDA margin despite recession



Axel Springer is one of the leading integrated multimedia print, online, and Web-TV companies in Europe. The core of our business is not to print on paper, but excellent journalism. Every medium, whether print or digital, is subject to different playing rules, but content quality is what always counts. Our business has always been and will always be about news, opinions and well-told stories. By our networked processes and by transcending media boundaries we are linking the different worlds together.

2 Foreword

Dr. Mathias Döpfner
Chairman and Chief Executive Officer

"We widened the lead over our competitors, built on the strength of our brands, and actively promoted digitization."

Dear Shareholder!

It makes sense to weatherproof your house before the storm hits. And that is exactly what we at Axel Springer have been done intensively in the last seven years, why we have built up the digital business of the future and reorganized our existing activities. The operating environment in 2009 was something of an acid test as to how strong Axel Springer AG really is. The degree to which we passed this test is a matter for you, our shareholders, to decide.

The media industry faced strong headwinds in 2009, especially in the advertising market. Depending on the survey, net advertising revenues plummeted 10 % to 12 % worldwide and 7 % to 13 % in Germany. The Central Association of the German Advertising Industry has called it the “worst advertising slump in the history of the German Federal Republic.” And the circulation market was under intense pressure, too.

Surely, it would have been easier to reach a double-digit profit margin under more favorable conditions. In fact, we set this goal for ourselves seven years ago, anticipating an economically healthier environment. But the employees of Axel Springer AG achieved this goal in the midst of the worst financial and media crisis to date. We generated an operating profit (EBITDA) of € 333.7 million. Based on total revenues of € 2,611.6 million, that corresponds to an EBITDA margin of 12.8 %.

Amid this environment, the positive development of Axel Springer’s equity ratio sent a rare, anti-cyclical signal, rising from 38.0 % in 2008 to 40.8 % in 2009. The dividend is intended to remain unchanged from 2008. The Management Board and Supervisory Board will propose to the annual shareholders’ meeting that the company pay a dividend of € 4.40 per share, again the highest dividend that Axel Springer has ever paid.

Our strategy remains unchanged too, since 2001 already. We continued to pursue our stated goals with single-minded resolve in 2009: The expansion of our market leadership position in the German-language core business, internationalization, and digitization. A glance at the news, which was full of reports about emergency short-term measures and desperate restructuring plans in the media industry, makes it clear that such goals were rather the exception than the rule in 2009. Fortunately, we at Axel Springer began to address the underlying challenges a long time ago. For example, the disciplined cost management we have practiced for many years made an important contribution to our bottom line in 2009. And yet, our cost savings and restructuring efforts were precisely targeted. Counter to the industry trend, the size of our workforce actually increased, by 0.7 %, especially in the promising future business of digital media. I was especially pleased that numerous employees became shareholders of our company by taking advantage of the bonus share and share ownership programs. It is good to know that our employees are bound to Axel Springer in an entrepreneurial partnership, particularly in these times, when creativity is more important than ever.

At last year’s annual shareholders’ meeting, I announced that Axel Springer intended to widen the lead over its competitors, build on the strength of our brands, and actively promote digitization, even though it would not be possible to match the record results of the prior year. A necessary prerequisite was the strict focus on our high reach and national brands. In light of this, it made sense to part with the company’s minority interests in regional newspapers, sell the company’s youth magazines, and closely integrate the music titles with the WELT Group. In true anti-cyclical fashion, we launched a marketing campaign for BILD and WELT towards the end of 2009.

The first fruits of our reach-driven strategy are directly measurable. Based on gross market shares in the German advertising market, our integrated marketing unit Axel Springer Media Impact widened its lead significantly over our competitors in the print media business. While the next-biggest print marketer generated 34 % fewer revenues than Axel Springer Media Impact in 2008, that lead widened to 45 % in 2009. BILD defied the general trend of the gross print advertising market impressively: While the latter declined by 6.3 % in 2009, BILD's advertising revenues rose by 6.5 %. Especially our strong revenue-producing titles expanded their reach in their respective markets, including BILD am SONNTAG (+ 4.2%), BILD der FRAU, AUTO BILD, SPORT BILD (each by + 1 % to 2 %), TV DIGITAL (+ 1.3 %), and DIE WELT (+ 2.6 %). From a cross-media perspective, the WELT Group with DIE WELT, WELT am SONNTAG, and WELT ONLINE jumped out ahead of other German premium newspapers and their online portals in terms of range. Thanks to the rapid growth of its unique visitors, Bild.de rose to the status of clear market leader, in terms of reach, among print-based German news portals for the first time in 2009. In the circulation market, our magazines in particular posted significant gains. Thus, Axel Springer picked up market shares (based on revenues) in the segments of automotive titles (+ 3 %), computer titles (+ 2.4 %), and sports titles (+ 1.2%). In connection with these strong results, the profitability of our print business was unusually high: The EBITDA margin of our Newspapers National segment was 20.1 %, that of our Magazines National segment 10.6 %.

We also built on our strong brands in the international business. As part of a joint venture in Poland, we combined our newspaper DZIENNIK, known for its political reporting, with GAZETA PRAWNA, which is known especially for its expertise in business and legal topics. In Russia, the prominence of the FORBES Russia brand was expanded to include women's magazines (FORBES WOMAN) and the Internet (FORBES online).

And that brings us to digitization. With revenues of € 470.4 million, the Digital Media segment was the Group's third-biggest revenue contributor in fiscal year 2009, for the first time ever. On a pro-forma basis (including the full-year consolidation of our acquisitions StepStone and Digital Window), the revenues of the Digital Media segment amounted to € 569.0 million. Thus, Axel Springer generates one of every five euros in its online business. That is an extremely high percentage, compared to our competitors' figures.

We achieved such impressive results on the basis of a simple, clearly defined strategy. In the digital world, when starting up or acquiring a business, we focus on three kinds of businesses:

- Marketplaces
- Performance-based marketing platforms
- Market-leading content portals.

You may recall my announcement of a year ago, when I stated that we were not contemplating any transformational M&A activities, but rather a number of smaller, logical acquisitions that fit in seamlessly with our portfolio and online strategy. And that is just what we did.

For example, we further extended our position in the business of marketplaces, in which idealo and immonet were already strong players, by acquiring a 100 % interest in StepStone ASA, the leading European provider of online job exchanges and talent-management software. In the business of online performance-based marketing, our subsidiary zanox, in which we hold a majority interest, is already the market leader on the European continent. Having acquired Digital Window, a leading affiliate network in Great Britain, together with our partner

PubliGroupe, we have now tapped the key British market for the next phase of international expansion. Finally, we made good progress last year in monetizing the high reach of our digital content portals, as the third pillar of our digital strategy. In consideration of the fact that advertising revenues are volatile and insufficient in the long term, it has long been clear to us that we will need additional revenue streams in the digital world as well. We are convinced that users are ready to pay for attractive content in any distribution channel, whether print, online, or mobile. In 2009, therefore, we initiated a paradigm shift by launching a premium-content initiative based on innovative paid offerings. We want to attract and retain users with attractive content and easy billing arrangements. It thrills me to have seen how this initiative unleashed a veritable surge of creativity among our employees. Products like the BILD Super Manager and the "My Club" application, as well as the subscription models for the regional online portals of HAMBURGER ABENDBLATT and BERLINER MORGENPOST, are innovative experiments that completely vindicate our reading of the market. Ending the year on a high note, we launched our paid iPhone applications for BILD, DIE WELT, and B.Z., which attracted more than 100 thousand paying users already by the end of the year.

With regard to 2010, we anticipate stable or slightly higher consolidated revenues and a roughly 10 % increase in our consolidated EBITDA. In this regard, it is important to note that potential revenues from our premium-content campaign are not included in the 2010 budget. Thus, if it turns out that users are prepared to pay for premium content on a sustained basis, we will reap additional gains. However, we do not wish to create overly high expectations in this regard because we view this business more as a long-term opportunity.

When I was recently asked to reflect on 2009, I answered spontaneously that it was perhaps the best year of my professional life. Why? Because I believe that our efforts of the last few years are paying off; and I sense tremendous motivation among our employees to continue on the path we have set. In that sense, 2009 was indeed a happy year. On top of that, it was an especially important and joyful year for us Germans. We at Axel Springer were fortunate to celebrate the twentieth anniversary of the fall of the Berlin wall in the presence of the three great trailblazers of German unity: Helmut Kohl, George H. W. Bush, and Mikhail Gorbachev. On that day, November 9, 1989, the vision expressed by Axel Springer thirty years earlier when the cornerstone for our publishing headquarters in Berlin was laid became true:

"I believe in a Germany with its capital in Berlin. Not only do I believe in that, I yearn for it to happen."

Sincerely yours,

Mathias Döpfner

8 Multimedially integrated

Axel Springer is one of the leading integrated multimedia print, online, and Web-TV companies in Europe. We transfer our print brands and content to digital distribution channels and supplement our portfolio with online portals. New print titles were also launched in 2009, because at Axel Springer, multimedia means offering readers, users, and advertising customers the medium which is best for them. The integrated newsroom and the advances we have made in paid content on the mobile Internet are just two of the following examples illustrating our networked and cross-media operations.

Axel Springer unites the widest variety of media, brands, and talent. Whether they’re writers or marketers, designers of print, online, or Web-TV, the people on the following pages have one thing in common: they all want to be actively involved in shaping the future of media with passion and creativity. As do 10,730 other colleagues we can’t show here due to space constraints.

“Throughout the media industry, paid online content and services have been the subject of discussion since 2009. Axel Springer is one of the first companies to look for even better economic prospects in approaching the digital world. Our apps for the iPhone provide unique added benefits for users. The ‘premium’ concept is critical—we offer our users exclusive content, services and functions they won’t find anywhere else.”

▸ *Donata Hopfen, Managing Director, BILD digital*

Premium Initiative

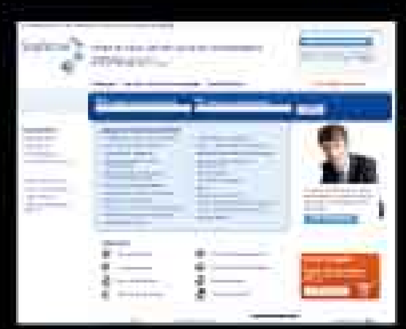
Axel Springer is committed to digitization, continually offering more of its content through mobile applications. The presence of new content and service elements and their striking translation into the iPhone format with all its technical possibilities has to offer a genuine incentive to users, one that they’re willing to pay for. The BILD and WELT applications (“apps”) for the iPhone represent the first-ever mobile service programs available exclusively under subscription models. Several creative and lucrative ideas for new, innovative iPhone apps are originating in-house, from the employees of Axel Springer AG.

"With the acquisition of StepStone A.S.A. as a leading international provider of career websites and talent management systems, Axel Springer AG became even more international and digital in 2009. After years of successful collaboration in Germany, we now can make use of our joint strength in the whole of Europe."

Ralf Baumann, Member of the Management Board, StepStone

StepStone

Axel Springer AG acquired an equity interest in the online job exchange StepStone Deutschland AG already back in 2004. Through this combination of print and online job notices, Axel Springer extended its strategic exposure to yet another important classified ads market. In 2009, Axel Springer used its financial maneuvering room for investments, acquiring the international parent company StepStone A.S.A., in order to exploit the excellent prospects for dynamic growth in the European online job market.

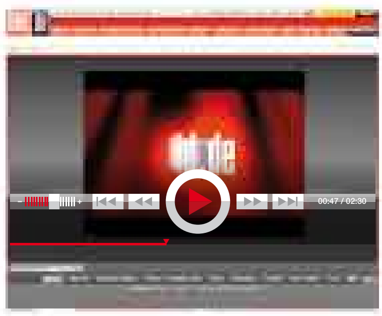


“Originally, we wanted to reach the top position by the summer of 2011 at the latest; but as it turned out, we already became the leading German news portal in November 2009. Naturally, I’m especially pleased that our offering of online videos has made a big contribution to this success. Our team produces 1,000 reports and features for Bild.de every month.”

▸ *Daniel Durst, Head of Bild.de Web-TV*

Bild.de

The online and mobile portals of the BILD family were extraordinarily successful in 2009. Thanks to their significantly upgraded and intensively linked information and entertainment offerings, they reached significantly more online users than in the prior year. Having increased its unique visitors by 63.2 % to 5.8 million, Bild.de took the top rank among online portals of German print media for the first time, while also expanding its position as Germany’s biggest news and entertainment portal.



“In 2009 we completely reworked the ad strategy for BILD—away from constantly changing sales-oriented themes and toward a broad-based, long-term image campaign. The goal of the ad initiative is primarily to enhance BILD’s credibility. And we succeeded in a very brief period. Just a few months later we had measurable results on the BILD image enhancement, especially among non-readers and opinion leaders.”

▸ *Tanja Hackner, Head of General Advertising, BILD publishing group*

BILD

Especially in the fourth quarter of 2009, Axel Springer successfully utilized its strong financial position to invest counter-cyclically in intensive marketing programs: the new cross-media ad campaign produced an enormous increase in the image values of BILD. Significant improvements were detected, particularly among opinion leaders and non-readers. The print ads are interlinked with the website www.bild.de/fakten, where more information and of course the campaign’s TV ads can be found.

"The introduction of HÖRZU WISSEN demonstrated the fact that traditional print products can still be successful within a multimedia group. In this new publication, the editorial staff built on HÖRZU's wide range of topics to produce an extremely attractive and worthwhile new publication, making full use of the great potential that already existed for knowledge magazines. Thanks to our marketing campaign, we gained numerous regular readers even before the launch."

- *Christian Hellmann, Editor-in-chief, program guides*

HÖRZU WISSEN

HÖRZU, the TV program guide in Germany with the longest tradition, has been continually modernized over the years to meet the expectations of its demanding readers. Again in 2009, it successfully emphasized its prominent place as the No. 1 weekly German TV program guide in the high-price segment.

"WELT KOMPAKT is the newspaper for the Internet age. For years now, it has been the innovation leader with regard to the successful linkage of print and online media. At the end of 2009, we launched a nationwide marketing campaign to instigate a debate, in a very deliberate and pointed way, on the question of how the Internet has already influenced and changed us. The starting point was a fundamental shift of focus on our part: WELT KOMPAKT no longer sees itself as competing in the market against other daily newspapers alone. Instead it appeals to younger professionals, many of whom hardly read newspapers anymore and are turning to online news sources instead. When they see WELT KOMPAKT they can say, 'Yes, now we're ready for a new kind of newspaper'."

▸ *Johannes Boege, Head of Marketing, WELT Group*


WELT KOMPAKT

39-Stunden-Woche für Studenten

WELT KOMPAKT

WELT KOMPAKT is the only national daily newspaper to offer a daily Internet section. The newspaper is pressing forward with networking and interaction with social networks like Twitter, Facebook, YouTube and Google Wave. When it comes to the integration of print and online media, this young medium is a think tank, laboratory and trendsetter all at the same time.

"We had already introduced a performance-based model as a complement to traditional online marketing nine years ago. With zanox, advertising customers only pay when consumers don't just click on their ads but actually buy their products. Our sophisticated statistical functions help our customers place their advertising messages in exactly the right places for producing the greatest impact. That's how we emerged as winners from the crisis of 2009."

▸ *Christian Kleinsorge, Member of the Management Board, zanox*

zanox

Majority-owned by Axel Springer, zanox is already the market leader in affiliate marketing on the European continent. Through its interest in Digital Window Ltd., Axel Springer also began opening up the important British market in 2009 as the next step of its international expansion. Axel Springer was the first major publishing company to position itself in this fast-growing market, which holds considerable long-term strategic importance as a complement to traditional advertising models.

"We completely modernized our editorial staff structures in 2009. The section leaders and editors are responsible for both print and online, and we have channel managers for the website and deputy editors for the newspaper. The channel managers update the content of their respective sections at abendblatt.de every half hour. At the same time, the deputy editors produce a premium-quality newspaper six days a week. We are a fully integrated multimedia editorial staff that produces online and in print."

▸ *Anika Riegert, Head of "Magazine" at HAMBURGER ABENDBLATT*

HAMBURGER ABENDBLATT

In line with the formula "HAMBURGER ABENDBLATT 3.0," Germany's biggest regional newspaper has undergone a rigorous modernization process. The strategy can be formulated as follows: Go more in-depth locally, expand regionally, boost nationwide importance—and that in all distribution channels: print, online, and mobile. HAMBURGER ABENDBLATT will continue its great success story by blending tradition with innovation.

"Quite a bit happenend in 2009 – our first full year as a majority-owned subsidiary of Axel Springer. For example, we now offer online games in seven languages. Naturally, being part of an internationally active media group was a big help in that regard. Our cooperation with computerbild.de was also instrumental in helping us attract more than 2.8 million new users in one year and to remain one of Europe's fastest-growing game publishers."

Patrick Streppel, Member of the Management Board, Gamigo

gamigo.de

Axel Springer has held an equity interest in Gamigo AG since 2000 and a majority interest since the end of 2008. Gamigo is one of the leading German publishers and operators of online games which can be played by thousands of people at the same time and which finance themselves through the sale of virtual objects.

"With FORBES WOMAN we primarily address the large number of women in Russia who are very successful in business and their careers—a very interesting and currently underdeveloped target group. We've started a new chapter in the FORBES success story on the Russian market with FORBES WOMAN in 2009."

▸ *Irina Mihailovskaya, Editor-in-chief, FORBES WOMAN*

Axel Springer Russia

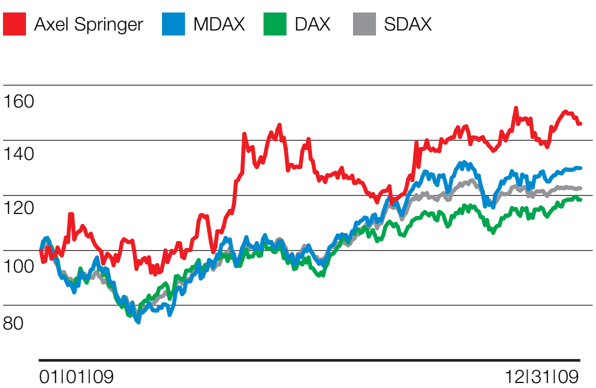
Axel Springer Russia has been publishing the Russian edition of the business magazine FORBES since 2004, reaching about 820,000 readers each month with an average circulation of nearly 80,000 copies. Another component of the brand's expansion was the launch of the website www.forbesrussia.ru, also in 2009. In late 2008 the successful cooperation between Axel Springer and Forbes Inc. was extended to 2020. Furthermore, Axel Springer Russia publishes the the weekly news magazine NEWSWEEK, the Russian edition of COMPUTER BILD, and the celebrity news magazine OK!

The Axel Springer Share

Indices outperformed

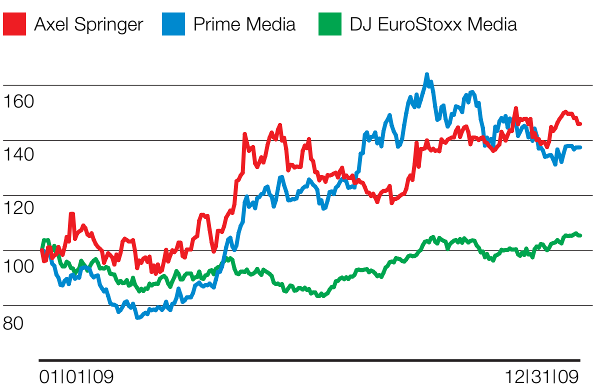
The price of the Axel Springer share increased by 46.0 % in 2009. It closed the year at € 75.05 (year-end 2008: € 51.39), which was not far from its high for the year of € 78.00, reached on November 18, 2009. The share price reached its low for the year on March 19 (€ 46.94). Including the dividend paid in May 2009, Axel Springer's shareholders earned a total shareholder return of 54.6 %.

Index Comparison Total Market



The Axel Springer share significantly outperformed its benchmark indexes. While the SDAX gained 22.6 % for the year, the DJ-EuroStoxx Media Index, which tracks the most important European media shares, achieved only a relatively moderate gain of 5.3 %.

Index Comparison Media



At the close of trading on the last trading day of 2009, the market capitalization of the company's widely held shares amounted to € 580.5 million. Consequently, the Axel Springer share was by far the highest-valued share in the SDAX, with an index weighting of 7.0 %. The company's overall market capitalization amounted to € 2.48 billion. In addition, the Axel Springer share was more actively traded in 2009, with an average daily trading volume of 9.5 thousand shares, which was 17.7 % higher than the corresponding figure for 2008.

Share Information

in €	2009	2008	Change
Earnings per share (basic)	10.20	18.58	– 45.1 %
Earnings per share (diluted)	10.19	18.54	– 45.0 %
Dividend[1]	4.40	4.40	0.0 %
Year-end share price	75.05	51.39	46.0 %
Highest price	78.00	94.73	– 17.7 %
Lowest price	46.94	42.50	10.4 %
Average price	63.35	68.03	– 6.9 %

[1] Dividend proposal for the fiscal year 2009.

Record dividend resolved

A total of 260 shareholders attended the annual shareholders' meeting of Axel Springer AG in Berlin on April 23, 2009. With 83.1 % of the shares present or represented, the management proposals were adopted with majorities of more than 98 % in every case. One such proposal concerned the re-election of the Supervisory Board of Axel Springer AG.

In accordance with the corresponding resolution of the annual shareholders' meeting, a dividend of € 4.40 (PY: € 4.00) per qualifying share was paid on April 24, 2009. The dividend corresponded to a distribution of € 130,603,699.60 from the unappropriated net profit of Axel Springer AG. The balance of € 14,508,300.40 was appropriated to the other retained earnings. The company's treasury shares do not qualify for dividends.

Investor Relations intensified

We further intensified our relations with investors and analysts in 2009. We presented Axel Springer's business development and strategy at a total of nine conferences, each of which was followed by numerous meetings with investors, and on eleven road shows.

In the first quarter, we participated in the German Investment Seminar of Dresdner Kleinwort in New York, the German Investment Conference of Cheuvreux in Frankfurt am Main, and the Merrill Lynch All Stars Conference in New York. In the second quarter, we participated in the Société Générale European Mid & Small Caps Conference in Nice, the LBBW German Telco & Media Forums in Zurich, and the Deutsche Bank German & Austrian Corporate Conference in Frankfurt. Among the notable events in the third quarter, we participated in the JP Morgan Media CEO Conference in London, the Société Générale 3rd Pan European Conference in New York, and a road show of Deutsche Bank in London. In the fourth quarter, finally, we presented the company at the Morgan Stanley TMT Conference in Barcelona. Road shows were held in the financial centers of Frankfurt am Main, New York, London, Paris, and Dublin. Our presentations were consistently met with great interest by institutional investors and analysts.

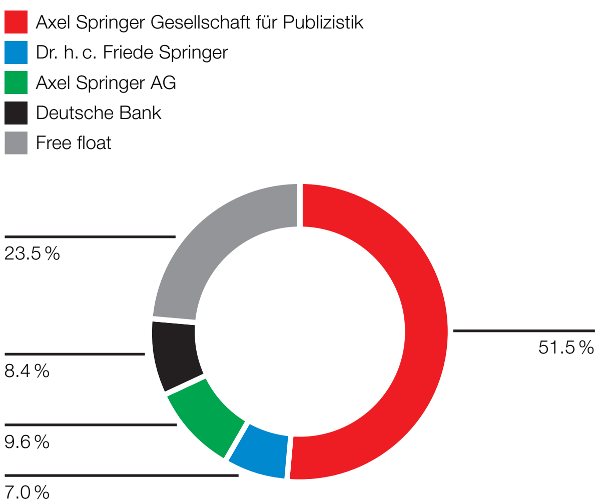
We held telephone conferences on the occasion of the publication of all our financial reports. These tele-conferences were broadcast live on our website, where they are additionally available as an audio webcast. The presentations used at the investor conferences and road shows are also available for download on the company's website.

At the end of 2009, Axel Springer was regularly covered by eight research firms. Landesbank Baden-Württemberg and Commerzbank initiated coverage of Axel Springer with buy recommendations in 2009. On the other hand, Dresdner Kleinwort and Main First discontinued their coverage.

Shareholder structure unchanged

The shareholder structure did not undergo a significant change in 2009. The free float rose from 23.1 % at the end of 2008 to 23.5 % at the end of 2009, while the proportion of treasury shares declined from 9.9 % to 9.6 %.

Shareholder Structure



Information on Listing

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

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

General assessment of the Group's business performance and results in 2009

The Group's business performance in 2009 basically confirmed our muted expectations for the year. In line with the forecast we published in the spring of last year, the Group's total revenues for 2009 were lower than the prior-year figure as a result of the formidable market stresses in Germany and abroad. Despite the stabilization of the overall economy in the second half of 2009, the press distribution and advertising markets still showed no clear signs of economic revival.

Considering the difficult market environment, the 4.3 % decrease in consolidated revenues can be seen as a success. By continuing to pursue its cross-media business model with unabated commitment, Axel Springer performed much better than the overall market. Having sustained only relatively modest revenue declines in the German market (while generating slightly higher circulation revenues in the Newspapers National segment), Axel Springer reinforced its dominant market position and proved that a company with high-reach media can generate stable revenues even in times of economic crisis. Despite substantial revenue declines, Axel Springer generated positive results on its international print media as well; a testament to the successful cost management exercised in the international business units. The Digital Media segment again generated strong growth and underscored its importance for the Group by doubling its net income contribution over the previous year.

At € 333.7 million, Axel Springer's earnings before interest, taxes, depreciation, and amortization (EBITDA) in 2009 was well below the record prior-year figure (PY: € 486.2 million) – as expected and projected. The Group incurred significantly higher restructuring and marketing expenses in 2009 in its efforts to make the organization even more efficient, enhance competitiveness, and boost profitability. The EBITDA margin came to 12.8 % (PY: 17.8 %).

The consolidated net income amounted to € 313.8 million as compared with € 571.1 million in the previous year. The figures for both years included significant non-operating effects, such as the sale of regional newspaper investments in 2009 and the sale of the ProSiebenSat.1 Media AG investment in 2008. Adjusted for these and other non-operating effects, the consolidated net income amounted to € 152.6 million (PY: € 254.6 million). The earnings per share came to € 10.19 (PY: € 18.54). Adjusted for significant non-operating effects, it was € 5.13 (PY: € 8.55). At the annual shareholders' meeting to be held on April 23, 2010, the Management Board and Supervisory Board will propose distributing a dividend of € 4.40 per qualifying share (PY: € 4.40).

Outlook for 2010

In 2010, Axel Springer will continue to pursue its threefold strategy of expanding the market leadership position in the German-language core business, and advancing the process of internationalization and digitization. The consequential effects of the global recession will still be felt in the press distribution and advertising markets in 2010, especially considering the fact that the markets have begun to stabilize on a comparatively low level.

For the full year 2010, we anticipate stable to slightly higher revenues, with revenue growth in the low single-digit percentage range. While we expect lower circulation revenues, advertising and other revenues should be higher. We expect the decline in the print business to be offset by rising revenues in the digital business.

As a result of operational improvements, positive effects from restructuring measures, and the continued practice of strict cost discipline in all areas of the Group, the consolidated EBITDA for the full year 2010 is expected to be around 10 % higher than the corresponding prior-year figure.

Business model, structure, and market position

Introductory remarks

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

For the sake of enhanced comparability, the operating earnings indicator EBITDA has been adjusted for non-recurring effects and for the effects of purchase price allocations.

Business activities

Founded in 1946 by the publisher of the same name, Axel Springer today is the biggest newspaper publisher and the third-biggest magazine publisher in Germany. It is also one of Europe's leading media companies. The core competence of Axel Springer is excellent journalism – up-to-date, informative, and entertaining – in newspapers, magazines, and digital media.

Axel Springer operates across all media. The broad spectrum of media encompasses established multimedia brand families like the BILD Group and the WELT Group along with high-circulation regional newspapers, TV program guides, computer magazines, automotive magazines, sports magazines, and women's magazines, online portals, and offerings, up to TV and radio stations. In the Digital Media segment, our core competence also extends to online marketplaces and performance-based online marketing. Thus, the Group's portfolio covers the information needs of a wide range of interest groups.

Axel Springer's business is international. We reach large portions of Europe's population through our cross-media activities. Our market position is especially strong in Germany, where our roughly 70 newspapers and magazines reach about 53.1 % of the population aged 14 years and over. Based on all the titles tracked by the German circulation research institution IVW, Axel Springer holds 19.0 % of the German market. In addition, the Group publishes more than 160 publications outside of Germany. On top of that, the Group operates more than 80 online sites, and holds investments in TV and radio broadcast companies in Germany and abroad. All together, Axel Springer maintains a presence in 36 countries. Thanks to their high quality and extraordinary reach, Axel Springer's information and entertainment products also provide attractive, cross-media advertising spaces.

Axel Springer is value-oriented and responsible. Its core values are creativity, entrepreneurship, and integrity. These values represent the basis of Axel Springer's corporate culture. They provide guidance to the Group's highly motivated and highly qualified employees as they pursue the Group's business strategy. The strategic priorities are to extend the Group's leadership position in the German-language core business and advance the process of internationalization and digitization, making Axel Springer one of the leading integrated multimedia companies in Europe, offering print, online, and web-TV products.

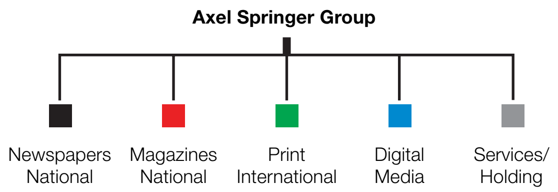
Business locations, equity holdings

The Group's headquarters is located in Berlin. It operates publishing locations in other German cities like Hamburg and Munich, for example, as well as numerous other business locations in large metropolitan centers of Europe. At December 31, 2009, the Group comprised some 129 fully consolidated companies, including about 76 companies outside of Germany. The consolidated shareholdings of the Group are listed in Section (44) of the notes to the financial statements.

Segments

Axel Springer's business activities are assigned to one of the following five segments: Newspapers National, Magazines National, Print International, Digital Media, and Services/Holding. Thus, the principal elements of the Group's business strategy (market leadership in the core business of German-language media, internationalization, and digitization) are presented without overlaps in the most transparent way possible.

Segments



Newspapers National

German newspapers published in Germany (along with the free advertising papers) are combined in the Newspapers National segment. They are classified as newsstand and subscription newspapers on the one hand, and as regional and national newspapers on the other (see graph).

Newsstand newspapers: Based on paid circulation, Europe's biggest daily newspaper BILD together with the Berlin B.Z. holds 80.6 % of the market for German newsstand papers, making it the market leader by a wide margin. Furthermore, B.Z. is the No. 1 newspaper in the Berlin market.

Portfolio Newspapers National (Selection)

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

Subscription newspapers: With a market share of 17.0 % based on paid circulation, the daily newspaper DIE WELT (including the tabloid-format WELT KOMPAKT) is the third-biggest premium newspaper in Germany. With a market share of 38.8 %, the regional subscription newspaper HAMBURGER ABENDBLATT is the biggest subscription newspaper in Hamburg and the surrounding area, while BERLINER MORGENPOST is the second-biggest subscription newspaper in Berlin.

In the segment of national Sunday newspapers, BILD am SONNTAG and WELT am SONNTAG are the clear leaders, with an 85.7 % share of the circulation market.

Magazines National

With a portfolio comprising almost 40 titles, Axel Springer is the third-biggest magazine publisher in Germany, both in terms of average paid circulation and advertising market share. Axel Springer holds leading positions in all key segments of the market.

Portfolio Magazines National (Selection)

TV Program Guides and Womens' Magazines	Computer, Automotive, and Sports Magazines	Axel Springer Financial Media
TV Program Guides ■ HÖRZU ■ TV DIGITAL ■ FUNK UHR	**Automotive** ■ AUTO BILD ■ AUTO TEST ■ AUTO BILD ALLRAD	**Finance** ■ EURO ■ EURO am SONNTAG
Women ■ BILD der FRAU ■ FRAU von HEUTE	**Computer** ■ COMPUTER BILD ■ COMPUTER BILD SPIELE	
	Sports ■ SPORT BILD	

TV program guides and women's magazines: The biweekly TV DIGITAL is the highest-circulation TV program guide in the high-price segment. HÖRZU is Germany's No. 1 weekly TV program guide in the high-price segment. With a 30.6 % share of the circulation market, BILD der FRAU is the leading German women's magazine.

Nearly all the Group's **computer, automotive, and sports magazines** are part of the BILD family of brands. COMPUTER BILD, AUTO BILD, and SPORT BILD are the leading publications of their kind in Europe. Axel Springer also publishes numerous specialty titles, which are likewise market leaders in their respective segments.

The Group's main **business magazines** are the monthly magazine EURO and the weekly EURO am SONNTAG.

Print International

Internationally, Axel Springer publishes more than 160 newspapers and magazines through its own subsidiaries and joint ventures, and through granting licenses. The Group's international activities are focused on the markets of eastern Europe. In western Europe, the Group's publishing activities are concentrated in the countries of Switzerland, Spain, and France. AUTO BILD is the Group's biggest international brand family.

Portfolio Print International (Selection)

Poland	Switzerland	Hungary	France
■ 4 Newspapers	■ 1 Newspaper	■ 10 Newspapers	■ 10 Magazines
■ 14 Magazines	■ 14 Magazines	■ 38 Magazines	

Further Markets: Spain, Russia, Czech Republic, Romania

Axel Springer is represented in **Poland** with 14 magazines and four newspapers. The most important of these are the leading newsstand paper FAKT, the country's only daily sports newspaper PRZEGLAD SPORTOWY, and the newspaper DZIENNIK GAZETA PRAWNA, which is published by a joint venture (see page 55). With a market share approaching 36.6 % of national daily newspapers based on paid circulation, Axel Springer Polska is the biggest newspaper publisher in Poland with its titles FAKT and PRZEGLAD SPORTOWY.

In **Switzerland**, Axel Springer publishes the business newspaper HANDELSZEITUNG and 14 magazines. It is the market leader in the categories of business and financial magazines, and TV program guides. The business magazine BILANZ and the newspaper HANDELSZEITUNG are among the most-read business publications in Switzerland. Axel Springer is very well positioned in the category of general-interest magazines through its title BEOBACHTER, and also in the category of TV program guides through the titles TELE and TV STAR.

In **Hungary**, Axel Springer publishes 38 magazines and ten daily newspapers. Based on paid circulation, Axel Springer is the country's second-biggest publishing company, with a market share of 20.9 %. Axel Springer is also the market leader in the categories of TV program guides, regional newspapers, and business newspapers, as well as living, automotive, cooking, and puzzle magazines.

In **France**, Axel Springer publishes a total of ten TV program guides, women's magazines, lifestyle magazines, and automotive magazines; of that number, five titles are published in a joint venture with the Mondadori Group. The most important titles are the TV program guide TELEMAGAZINE, the cooking magazine VIE PRATIQUE GOURMAND, and the automotive magazine AUTO PLUS.

In **Spain**, where the Group publishes a total of twelve magazines, Axel Springer is the market leader in the categories of video game and computer magazines. Furthermore, AUTO BILD ESPAÑA and AUTO BILD 4x4 are the leading publications in the category of automotive magazines.

In **Russia**, Axel Springer publishes four magazines, including the business magazine FORBES, NEWSWEEK, and the computer magazine COMPUTER BILD. In November 2009, moreover, we purchased the G+J portfolio in Russia, including the titles GEO, GALA BIOGRAFIA, GEO TRAVELLER, and GEOLENOK (see page 55).

In the **Czech Republic**, Axel Springer publishes seven magazines and is the market leader in the category of automotive magazines.

In **Romania**, Axel Springer holds a 40 % equity interest in Edipresse AS Romania and publishes a total of 13 magazines.

Digital Media

The Digital Media segment comprises the Group's online activities in Germany and abroad, as well as its activities and investments in the TV and radio sector. With an average of 28.7 million users per month (gross reach, unique visitors according to comScore), Axel Springer is a leading player in the digital media business.

Portfolio Digital Media (Selection)

Content portals	Marketplaces	Marketing
■ Bild.de	■ stepstone.de (Jobs)	■ zanox
■ auFeminin.com	■ immonet.de (Real estate)	■ Digital Window
■ gamigo.de	■ idealo.de (Price comparison)	■ eprofessional
■ autobild.de	■ autohaus24.de (Cars)	
■ welt.de	■ buecher.de (Books, audio, photo)	
■ computerbild.de		
■ wallstreet:online		
■ Amiado Group		
■ transfermarkt.de		
■ abendblatt.de		

Content portals: Bild.de is the highest-reach information and entertainment portal in the German web, and its video portal is one of the leading moving-image platforms in Germany. BILDmobil, the biggest mobile information portal in Germany, is visited more than 4.5 million times a month on average. WELT ONLINE is the leading online news site of all the German premium newspapers. The Digital Media segment also includes the highly frequented online sites of the Group's regional newspapers and magazines in Germany, as well as those of the international print titles. The online and mobile activities of the print brands are complemented by digital brands such as auFeminin.com, the first choice for online information on the subject of fashion, beauty, and lifestyle in Europe. Other digital brands include the soccer community transfermarkt.de, the online games provider gamigo.de, the finance portals finanzen.net and wallstreet:online, the Group's student and leisure portals, and its investment in Motor-Talk, the biggest European community for automobile and motor fans.

Marketplaces: StepStone is one of the leading operators of online job exchanges in Europe (see page 74). immonet.de is the second-biggest provider in the online real estate market and the market leader when it comes to cross-media real estate marketing. The website idealo.de is one of the most-used search engines in Germany for price and product comparisons. Furthermore, Axel Springer holds a minority interest in the multi-brand new-car portal autohaus24.de and the driver community carmondo.de (see page 73). Axel Springer also holds an investment in buecher.de, an online retailer of books, music, and movies.

Marketing: With zanox and Digital Window, which was acquired in 2009 (see page 55), Axel Springer is one of the world's leading service providers in the area of performance-based online marketing. These two companies assist advertising customers in the implementation and optimization of their online advertising campaigns.

In the **TV/radio** sector, the Group holds a minority interest in Turkey's biggest TV and radio company, the Doğan TV Group. This company is the market leader both in terms of viewer market shares and advertising market shares. Schwartzkopff TV is a successful production company specializing in TV entertainment formats. Furthermore, Axel Springer holds investments in regional TV stations in the key markets of Hamburg and Berlin. The Group also holds minority interests in Germany's biggest radio stations.

Services/Holding

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

Business model and value chain

Axel Springer's business model is organized on a consistently cross-media basis. As a media company, our fundamental goal is to increase the number of readers and users of our media offerings, and keep them coming back on a permanent basis. We generate circulation revenues and other revenues by selling our print titles and by offering paid access to our digital offerings. And we generate advertising revenues as a one-stop source of multimedia reach marketing.

Cross-media concept

We are constantly developing and refining our concepts for the presentation of information and entertainment. Besides improving formats, (as in the form of revised editorial concepts or graphic relaunches, for example), we are always seeking to introduce new media products. The development of new content is a crucial aspect of our operating business, especially in the Digital Media segment. Whenever possible, such new content is linked intensively with our high-reach print media, also in order to make shared use of editorial talent. To gauge the chances of new products and technology trends, we conduct intensive market research and initiate targeted innovation projects.

Editorial content
Axel Springer is active in every stage of the value chain for the production and cross-media exploitation of editorial content. In order to optimize the production of journalistic content for the various media, we have created integrated newsrooms for print, online, and moving image media of the BILD Group, the WELT Group/ BERLINER MORGENPOST, B.Z., and HAMBURGER ABENDBLATT, among others. All journalistic content for the various print and online media is produced on a joint basis in these editorial centers of competence. In some cases, content production is combined in the Group's international operations as well.

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

For digital media, the production process usually entails the processing and aggregation of information in databases, and the provision of such information on websites or other digital resources. Computer hardware (in the form of server capacities) and appropriate software are used to assure the flow of data and information between the different components.

Distribution
Axel Springer employs a sophisticated logistical and transport system to deliver the printed newspapers and magazines to approximately 120 thousand retail sales outlets, such as newsstands, magazine shops, and discount stores. The Group's print products are also distributed worldwide by way of wholesale press companies and press import companies. The digital media content is delivered to users by way of various electronic channels, such as the Internet, mobile distribution channels, and download platforms such as the Apple App Store.

Marketing
The business model of media companies relies on circulation revenues from newsstand sales and subscription sales as well as advertising revenues. To this end, journalistic content is produced with the aim of reaching the relevant target groups of interest to advertising customers so as to offer them attractive ad placements. In the print titles, reach-based marketing essentially consists of placing advertisements of different formats in advertising supplements and in topically organized classified ads.

In the digital media, a wide variety of advertising formats is available, including banners, layer ads, wallpaper, and video formats. The marketing value chain is structured by brand and market segments. The brand-oriented departments prepare the standardized print and online content as well as cross-media content designed for specific customers, and the regional offices of the market-oriented departments market these products to customers and their agencies. Aside from conventional reach marketing, other business models and marketplace models are pursued in the Digital Media segment, as in the case of zanox and idealo.de, for example.

The Group's German newspapers, magazines, and brand-derived digital media are marketed centrally by Axel Springer Media Impact. Based on gross market shares, Axel Springer Media Impact is the leading cross-media media marketer in Germany. As of the first quarter of 2010, Axel Springer Media Impact is also responsible for the telephone-supported acquisition of small to mid-sized advertising customers and related services (see page 56).

Organization, management, and supervision

Management principles

The management principles, the development of corporate governance in the past fiscal year, and the compensation of the Management Board and Supervisory Board are presented in detail in the Declaration on Corporate Governance on pages 94 to 106.

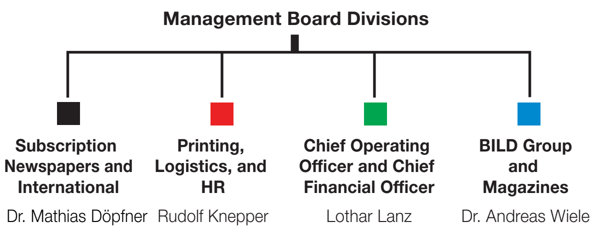
Personnel changes

On March 10, 2009, the Supervisory Board of Axel Springer AG appointed Lothar Lanz as a new member of the Management Board responsible for the Management Board division "Finance and Services," effective May 1, 2009. He took the place of Steffen Naumann, who left Axel Springer after more than seven years of successful service with the company.

Management Board divisions

For the sake of efficient management, the Group's activities are assigned to one of four Management Board divisions.

Axel Springer Management Board Divisions



Management Board Chairman Dr. Mathias Döpfner is responsible for the Management Board division "Subscription Newspapers and International." This division covers the newspapers, online, and mobile offerings of the WELT Group, the cross-media offerings of our regional newspapers, and the Group's multimedia brands in fast-growing international markets. Dr. Mathias Döpfner is also responsible for the corporate staff functions of Information & Public Relations, and the staff departments of Executive Personnel, Security, Public Affairs, Axel Springer Customer Loyalty Reinforcement, and the Axel Springer Academy.

Vice Chairman Rudolf Knepper is responsible for the Management Board division of "Printing, Logistics, and HR" which covers the offset printing plants, logistics, and services, and the Group's investment in the rotogravure joint venture PRINOVIS. In addition, he oversees Corporate Purchasing and Personnel.

The Management Board division "Finance and Services" headed by Lothar Lanz is responsible for the corporate staff and service functions of Corporate Finance, Controlling, Mergers & Acquisitions, Legal, and Internal Audit, as well as Axel Springer Services & Immobilien GmbH, IT, Insurance Sales, and Customer Service.

The Management Board division "BILD Group and Magazines" headed by Dr. Andreas Wiele covers the cross-media offerings of the BILD family of brands and the Group's magazines. This portfolio is divided into the following publishing groups: "BILD and BILD am SONNTAG," "Computer, Automotive, and Sports Media," and "TV Program Guides and Women's Media." This Management Board division also covers the business media of Axel Springer Financial Media.

As company-wide functions, the Electronic Media management group and the Corporate Organization and Development Department report directly to the full Management Board. The division represented by Axel Springer Media Impact reports directly to the two Management Board members in charge of "Subscription Newspapers and International" and "BILD Group and Magazines."

Strategy and success monitoring

Corporate values

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

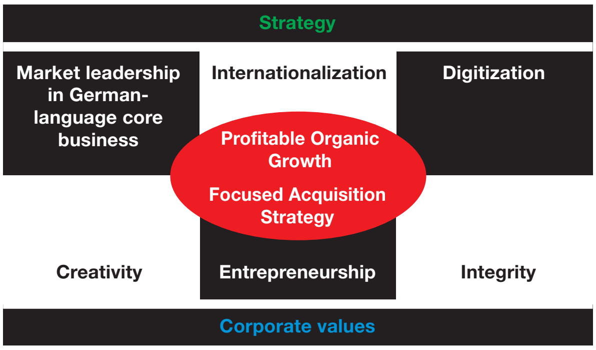
- **Creativity**, as the indispensable prerequisite for success in journalism and business
- **Entrepreneurialism**, as expressed by the ingenuity, individual responsibility, and goal-directed actions of the company's employees and managers
- **Integrity** in all dealings with the company, its readers, customers, employees, business partners, and shareholders.

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

Core elements and implementation of the business strategy

Axel Springer is a leading European multimedia company with integrated print, online, and web-TV offerings. The Group's business strategy is based on three core elements: extending Axel Springer's market leadership position in the core business of German-language media, internationalization, and digitization. These core elements of the Group's business strategy are managed on a comprehensive basis and are intensively linked whenever possible, in order to exploit synergies and cross-selling potential.

Market leadership in the German-language core business
The Group's leading market position in the German-language core business provides a strong foundation for widening the business model. After all, both internationalization and digitization largely consist of transferring existing print brands and contents to digital distribution channels and new market regions. Therefore, the Group's leading market position needs to be strengthened and extended.



The following steps, among others, serve to extend the Group's market position:

- The ongoing development, implementation, and successful market introduction of creative journalistic concepts
- Periodic relaunches of existing print media with the goal of further improving the concepts, journalistic quality, and graphical presentation of content, or adapting them to suit the changing needs of readers
- Measures to bolster reader loyalty
- Targeted marketing campaigns
- Cross-media reach marketing via Axel Springer Media Impact.

Internationalization
The Group's internationalization efforts are focused in particular on the markets of eastern Europe. Depending on the situation in every regional market, Axel Springer either launches or purchases new titles or acts as a licensor or licensee in the core business of newspapers and magazines. To minimize risks and costs, the internationalization strategy is pursued in part through joint ventures with local publishing partners. The interlinking of print media with digital media is also a significant growth engine in the Group's international operations in Europe.

Axel Springer is also represented in countries outside of Europe, such as Mexico, India, and China, especially in the form of licensed editions of AUTO BILD and related specialty titles.

Digitization

Information and entertainment are being used both on the Internet and (thanks to the introduction of advanced technologies) also increasingly via mobile terminal devices. Axel Springer was not slow to tackle the challenges presented by changing media usage patterns. The transformation from a print publisher to an integrated multimedia company is in full swing. At the same time, however, the digitization of Axel Springer's business is being pursued in close reliance upon the Group's established core competencies. In other words, our activities are primarily geared to the distribution of useful or entertaining information via digital channels and to the commercial exploitation of the reach created by this means. Our organic growth projects are complemented by the acquisition of additional content portals, online marketplaces, and platform solutions.

Our stated strategic goal is to generate one half of our total revenues in our digital media operations. To that end, we are pursuing three specific expansion paths, which are described below.

Content portals

The journalistic quality and brand-specific know-how inherent in our existing print titles are being transferred to content portals in Germany and abroad. This effort is supported by integrated newsrooms operating on a cross-media basis. Through the ongoing development of editorial content, our content portals tap new target groups and so increase their reach. As another means of achieving this goal, we pursue intensive links with social networking sites and other online communities. In addition, Axel Springer acquires content portals that are not derived from print brands, upgrades them, and interlinks them with the online issues of our print media.

An important issue for our content portals in the future will be the step-by-step introduction of paid premium content and applications. The first applications and formats were successfully placed in the market in 2009 (see page 58). The paid content offerings complement the existing business model of our content portals, which has been geared primarily to generating advertising revenues.

Marketplaces

Axel Springer offers attractive platforms for online purchases and classified ad markets through its Internet marketplaces such as immonet.de, idealo.de, and StepStone. Whenever possible, we seek to exploit the synergies inherent in the combination of content portals and marketplaces.

Marketing

Through zanox and Digital Window, Axel Springer is the leader in performance-based online marketing. The platforms operated by these two companies bring advertisers and partner websites (affiliates) together. Both sides benefit from this networking arrangement. The affiliates can attract advertising customers and offer them advertising spaces. For this service, they are remunerated on a contingency basis, depending on the quality of contacts and transactions. The advertisers, for their part, can address the users they want to reach in a precise and efficient manner, thereby avoiding scatter losses. The platforms ensure the secure processing and recording of data, transactions, and the commissions generated on sales. In addition, their comprehensive services and innovative applications improve the chances of advertising success. In this business, Axel Springer is pursuing a strategy of accelerated international growth and joint further development of the services offered.

Value-driven management

The business strategy of Axel Springer and the three core elements of that strategy serve the overriding goal of sustainably increasing the company's value. That goal is achieved by means of profitable organic growth, as well as a focused acquisition strategy. The Group's controlling system has been designed on the basis of these goals. By tracking the development of financial and non-financial performance indicators, Axel Springer closely monitors the implementation of the Group's business strategy.

Non-financial performance indicators

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

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

- Paid circulation and reach (meaning the number of readers reached) of print media and the corresponding competitive position. We disclose the average paid circulation of all our major newspapers and magazines and utilize up-to-date reach surveys

- Inique visitors, visits, and case-by-case performance indicators for online media; and the market positions measured on that basis. The main performance indicator for this purpose is that of unique visitors, which we disclose together with the visits in the form of average monthly values

- The reach of the Group's media in the advertising market, and indicators of brand and advertisement familiarity generated through market research.

Axel Springer AG has also set itself the goal of becoming Europe's most customer-friendly media company by the year 2010. For this purpose, we have developed a differentiated measurement and evaluation system known as the customer-retention index. The data is collected and analyzed by TNS-Infratest. The customer-retention index is an important indicator of customer satisfaction and loyalty. It is determined on the basis of the perceived quality of our publications, the brand loyalty of our customers, repeat purchase rates, and the respective competitive advantage, among other factors. Over the last four years, the customer loyalty reinforcement program has spearheaded a cultural transformation in our company and redoubled our commitment to customers.

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 Group. The results of this analysis point the way to new ways of improving the Group'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 based on them, every year, we have established a continuous improvement process, as a valuable contribution to the long-term enhancement of the Group's profitability.

Axel Springer also counts ecological and social performance indicators among its non-financial indicators. For this purpose, the Group relies on the sustainability criteria of the Global Reporting Initiative (GRI). The ecological efficiency indicators tracked by Axel Springer mainly include the quantity of wastewater, solid waste, climate-affecting emissions, and energy consumption. (see page 49).

Financial performance indicators

The key financial performance indicators used by Axel Springer in the reporting period on the level of the overall Group and the individual segments are:

- Revenues, as the sum of circulation, advertising, and other revenues

- Earnings before interest, taxes and depreciation (EBITDA), and the corresponding EBITDA margin.

These financial performance indicators are anchored in the Group-wide planning and controlling system and form the basis for the performance-oriented compensation of the Management Board and managers, as well as for the profit-sharing program for all permanent employees of the Group (see page 46).

In addition to absolute figures, we also analyze various relative indicators on a regular basis in order to measure the success of strategic implementation processes. These include the following, among others:

- The proportion of total Group revenues represented by international revenues, as an indicator of the success of the Group's internationalization strategy

- The proportion of total revenues represented by the revenues of the Digital Media segment, as an indicator of the success of the Group's digitization strategy.

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.

Financial Performance Indicators

Selected financial performance indicators on the Group level, in € millions	2009	2008
Consolidated revenues	2,611.6	2,728.5
Proportion of international revenues	21.0 %	21.9 %
Proportion of digital media[1)]	21.0 %	18.8 %
EBITDA	333.7	486.2
EBITDA margin	12.8 %	17.8 %

1) Basis: Pro forma revenues in the Digital Media segment and pro forma revenues total.

Employees

Axel Springer's personnel policies are guided by the core values of responsibility and sustainability. They are focused on systematic employee development. We regard vocational training and continuing education as an important investment in the future success of our company. In accordance with our corporate culture, which emphasizes transparency, values, and performance, we promote an active dialogue between employees and managers, as well as diversity and equal opportunity in the work place and compensation geared to performance and success.

Workforce

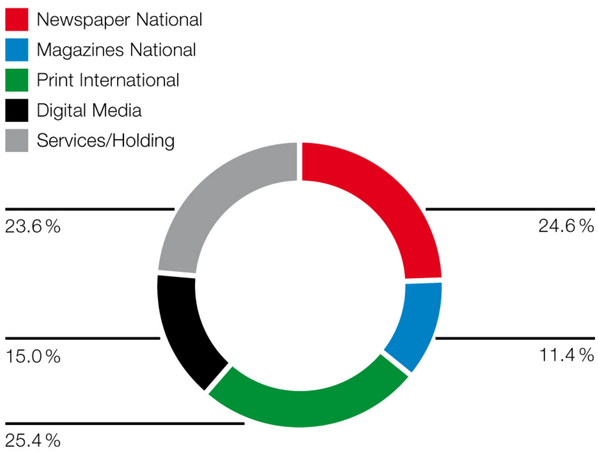
Excluding vocational trainees, journalism students, and interns, Axel Springer had an average of 10,740 (PY: 10,666) employees in 2009. The total workforce increased over the previous year, primarily as a result of the new digital media acquisitions and start-ups in Germany and abroad. At year-end 2009, 21.7 % of all employees were working in this area.

On average during the year 2009, 2,640 employees worked in the Newspapers National segment, 1,225 in the Magazines National segment, 2,729 in the international print business (Print International), 1,607 in the digital business (Digital Media), and 2,539 in the Services/Holding segment. The number of reporters and editors declined by 188 to 3,378, primarily in connection with the Group's activities in Germany and Poland, while the number of salaried employees increased by a total of 324 to 6,436, due to the expanded activities and acquisitions in the Digital Media segment. At December 31, 2009, the average length of service with Axel Springer was 12.5 (PY: 12.3) years; 52.0 % (PY: 47.0 %) of the total workforce have been with the company for more than ten years. The average yearly percentage of the total workforce represented by severely disabled employees in the German companies was 4.3 % in 2009 (PY: 4.3 %), thus essentially meeting the requirements of the Severely Disabled Persons Act again in 2009.

At € 791.9 million, the personnel expenses for fiscal year 2009 were 9.6 % higher than the corresponding prior-year figure (PY: € 722.5 million). Above all, this increase resulted from the business expansion associated with company acquisitions. For 2009, collective agreements were concluded both for the wage-earning employees (term of effect: April 1, 2009 to March 31, 2011) and the salaried employees (term of effect: April 1, 2009 to June 30, 2011) of the printing industry and the newspaper and magazine publishers. Under the terms of the collective agreements, these employees are to receive one-time payments of between € 250 and € 280 per employee for 2009/2010. These amounts were paid in September/October 2009 and in January 2010, respectively. For 2010, linear collective pay increases of 2 % and 1.6 %, respectively, were agreed effective April 1/May 1 and August 1, 2010, respectively. The linear collective pay agreement for the newspaper and magazine reporters and editors called for a 1.6 % pay increase effective October 1, 2009. This collective pay agreement will expire on July 31, 2010 and must therefore be renegotiated in 2010.

Employees by Segments

Annual average data



Professional training

Based on the conviction that the success of print and online media products hinges on their quality and credibility above all other things, we go to great lengths to provide high-quality professional training to the next generation of journalists. Since 2007, we have operated Germany's most modern journalism school, the Axel Springer Academy. This school of journalism, which Axel Springer had originally founded in 1986, follows a consistently cross-media approach to journalism training. As a creative workshop for ideas, the Axel Springer Academy has already developed quite a few media projects, some of which have been award-winning. Aside from the close collaboration with WELT KOMPAKT, the Axel Springer Academy also entered into a cooperation agreement with the renowned Columbia School of Journalism in 2009. In 2009, the Axel Springer Academy once again accepted 40 applicants for the two-year professional training program. Nearly all the 37 graduates have taken on permanent positions in the Group's various media units.

In addition to professional training in journalism, we also provide vocational training programs for Digital and Print Media Managers, Office Communications Managers, Digital and Print Media Designers, a Bachelor of Arts in Business Administration, and Marketing Communication Managers. With 153 vocational trainees at year-end 2009, we made it clear that Axel Springer will stand by its commitment as an employer that provides vocational training even in times of financial and economic crisis.

Continuing education

Axel Springer offers an extensive continuing education program to help its employees and functional departments master the challenges associated with the strategic further development of the Group.

The continuing education program is designed to satisfy the individual learning needs of every employee, as determined by means of a process we call the "development dialog," among other measures. Every year, we offer about 600 events such as seminars, networks, foreign language courses, and presentations as part of our continuing education program.

The various functional departments focus on providing specific training measures to exactly meet the individual needs of their employees.

We provide tailored, needs-based training programs for employees working in the sales and distribution organizations. Under a supplementary program, every employee is entitled to pursue work-concurrent continuing education programs culminating in their certification as an Online Marketing Specialist, Dialog Marketing Specialist, Certified Media Specialist, or State-Certified Communications Specialist, among other certifications.

Recruiting and promoting key talents

As in the preceding year, Axel Springer intensively pursued college graduate marketing in 2009. In that regard, we presented the Axel Springer Group and the many career opportunities it offers to college students at university job fairs, among other events. Our support of student initiatives and the maintenance of cooperation arrangements with universities and professorships such as the European School of Management and Technology (ESMT) in Berlin, the Hamburg Media School, and other universities were also important outreach tools.

Among the measures we undertake to promote the career development of college students, we offer an internship program and then make systematic efforts to retain especially talented students by means of follow-up internships and master's degree thesis projects. We also provide university scholarships to vocational trainees who have exhibited outstanding performance. Finally, college graduates undergo a trainee program upon joining the company. At year-end 2009, a total of 17 college graduates were participating in this trainee program, which is designed to convey professional and methodological knowledge. We also emphasize the importance of networking within the Group, and especially with the journalistic departments.

Managers in dialog with employees

The creativity of our managers and their ability to communicate with others are key prerequisites for motivating employees and bringing out their best performance. The management principles already adopted by Axel Springer in 2008 concretize the Group's core values and clearly define the requirements and expectations by which our managers are evaluated. A series of management workshops was held to firmly instill the new principles within the organization. By the end of 2009, more than 600 managers from all management levels of the company had participated in more than 70 workshops associated with the adoption of the management principles. In addition, a comprehensive continuing education and training concept geared both to young talents and experienced managers was implemented.

The "development dialog" (a structured goal-setting and appraisal meeting between the manager and employee) that had also been introduced in 2008 was continued in 2009. Under the terms of an agreement reached with the Group's Central Works Council, the development dialog will be continued for the next four years. This management instrument is designed to promote the career development of our employees in a targeted manner, according to their specific needs, in the context of the strategic goals of the company and its various divisions. The development dialog will be implemented throughout the company on a step-by-step basis. During the pilot phase in 2008, about 600 employees from eight divisions of the company participated in the development dialogs; in 2009, about 1,200 employees in 18 divisions of Axel Springer AG and about 200 employees in three subsidiaries additionally took part. Before the process begins, both managers and employees receive extensive training to prepare them for this new instrument. Moreover, since mid-2009, every member of the Management Board regularly invites randomly selected employees to have breakfast and exchange ideas.

In the autumn of 2009, the Group's existing management development activities were supplemented by two multi-day leadership programs entitled "Leadership in Times of Change." This seminar was developed in cooperation with leading business schools specifically for the Management Board and other top-level executives. The seminar is designed to promote an active examination of their personal management styles, upgrade their leadership skills, and reinforce their teamwork, reflection, and feedback abilities. These leadership programs are highly instrumental in establishing a new management culture at Axel Springer.

Idea management

At Axel Springer, we actively solicit and act on the ideas of our employees. The idea management program offers bonus incentives to employees who develop proposals to enhance cost efficiency, work safety, environmental protection, and technological advances in the company. In 2009, the number of submitted proposals jumped from 1,632 to 2,373; of that number, 845 (PY: 671) proposals were implemented, generating savings of € 1.2 million (PY: € 1.0 million). In exchange, Axel Springer paid bonuses totaling € 264 thousand (PY: € 277 thousand) to the employees who submitted the implemented proposals.

Axel Springer held its first "Idea Days" in Berlin and Hamburg in August and September of 2009. At these events, every employee was given the chance to present his or her idea to the members of the Management Board without prior notice. Numerous proposals were collected, including the idea of a new digital magazine for WELT am SONNTAG. This idea was developed and introduced to market in only two months; thus, the new WELT am SONNTAG e-mag is the latest addition to the Group's broad line-up of premium online offerings.

Health promotion

Promoting the health of our employees is a crucial aspect of our personnel policy. Axel Springer's health management program focuses on the topics of exercise, nutrition, and illness prevention.

The topics of exercise and nutrition are addressed in particular by the full-year program known as "On your Marks – Get Set – Get Fit!" This program comprises alternating sports and fitness programs, as well as cooking seminars to teach the principles of a well-balanced diet rich in vitamins (accompanied by suitable menu items in the employee restaurants) and expert presentations on subjects such as managing stress at the workplace.

Again in 2009, Axel Springer's company health insurance carrier offered vaccinations against the seasonal flu and provided information on health topics such as colon cancer prevention. In connection with the new flu (H1N1), all required preventive measures were immediately taken at all of Axel Springer's main locations.

Our special commitment to the health and well-being of our employees was highlighted by the fact that Axel Springer was among the companies honored with the

Corporate Health Award 2009. This award is a joint initiative of Handelsblatt, TÜV Süd Life Service, and EuPD Research and is granted under the auspices of the German Federal Ministry of Labor and Social Affairs.

Equal opportunity

Axel Springer offers all employees equal career development opportunities, regardless of nationality, culture, gender, ethnic background, or other individual characteristics. In line with this fundamental philosophy, the Group joined the Charter of Diversity. Moreover, we instituted a separate working group, composed of equal numbers of employer and employee representatives, to ensure that equal opportunity is a reality at Axel Springer. This working group deals with issues such as the compatibility of work and family, the further development of work-time models, and the support of employees on parental leave, among other issues. In October 2009, moreover, a project was initiated to advance the promotion of women to senior management positions.

Following the opening of a day care center for the children of Axel Springer employees in Berlin ("Wolkenzwerge") in April 2008, a comparable day care center will be opened in Hamburg in the second quarter of 2010. These day care centers are an important means of promoting the compatibility of work and family at both operating locations.

Compensation geared to success and performance

Axel Springer compensates employees and managers on the basis of their performance and success. The variable compensation system introduced in 2007, which is based on goal agreements, has worked extremely well. The targets set for the fiscal year include corporate goals, division goals, and individual goals.

In addition, qualifying salaried employees of Axel Springer participate directly in the company's success. In fiscal year 2009, a bonus of € 1,000 was paid to every qualifying employee.

Bonus share and share ownership program

Under a voluntary, one-time employee share ownership program, all employees who had entered into goal agreements were given the chance to convert half or all of their bonus for the year 2008 into Axel Springer shares. An extra bonus on the converted bonus was also granted. In addition, four bonus shares were offered on a one-time basis to all qualifying employees who did not receive a performance-dependent salary component and to those employees who did not participate in the bonus conversion plan. The holding period is one year for the bonus share program and two years for the employee share ownership program. The shares were issued from the treasury share reserve of Axel Springer AG.

Company pension plan

Axel Springer's employees are entitled to participate in the forward-looking deferred-compensation plan known as "VarioRente." By participating in this plan, employees can accumulate a sizable balance in their pension account by the time they enter retirement. In June 2009, the Management Board and the Central Works Council of Axel Springer AG reached an agreement on the continuation of this voluntary pension agreement and made the terms of participation even more attractive. The 6 % rate of interest paid on contributions to this plan will be continued for another three years; in addition, Axel Springer will continue to pay an annual grant for another five years. This plan was again very well received by the employees, as evidenced by the average participation rate of nearly 35 % in 2009 (PY: 36 %).

Social responsibility

Axel Springer is genuinely committed to social responsibility, as a matter of fundamental conviction. That commitment encompasses the adherence to social and ecological standards, the promotion of education and culture, and the advocacy of peace, freedom, and understanding among peoples.

Commitment to social responsibility

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

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

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

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

4. Rejection of all forms of political totalitarianism

5. Defense of the free social market economy.

Both Axel Springer and its employees were actively involved in the commemoration of two highly significant anniversaries in 2009: The 60th anniversary of the Federal Republic of Germany and the 20th anniversary of the fall of the Berlin Wall. Axel Springer's newspapers accompanied these important historical events with special editions and media campaigns.

BILD was the co-initiator of a highly visited art exhibit in Berlin's Gropius Building, showcasing the works of German artists over the last 60 years. In August of last year, BILD presented Israeli Prime Minister Benjamin Netanyahu with the original construction blueprints for the Auschwitz concentration and extermination camp in a ceremony at the Axel Springer Building in Berlin. These historical documents, which had been acquired by BILD, were only discovered in the autumn of 2008. In September of 2009, Mr. Netanyahu held up these documents in a speech before the United Nations General Assembly in New York. In January 2010, they were put on display as part of a special exhibition at the Yad Vashem Holocaust Memorial.

At the end of October, 20 years after the fall of the Berlin Wall, the "Fathers of Unity" Helmut Kohl, George H. W. Bush, and Mikhail Gorbachev accepted BILD's invitation to speak at the Axel Springer House in Berlin, where they shared their memories of German reunification. Shortly thereafter, a bust of Mikhail Gorbachev was ceremoniously unveiled in the Axel Springer Passage in Berlin.

Another important event commemorated in May of 2009 was the 50th anniversary of laying the cornerstone for Axel Springer's publishing headquarters in Berlin, which in those days was located directly at the old sector line. On this occasion, artist Stephan Balkenhol's sculpture "Balanceakt," which symbolizes triumph over Germany's division, was unveiled in the forecourt of the Axel Springer House in Berlin.

Apart from the activities described above, Axel Springer's various media publications engaged in the actions described below as a means of heightening public awareness of other socially relevant topics:

- In October 2009, B.Z. instigated a long-term campaign known as "Heroes of Berlin" in support of volunteerism in the capital city. Persons interested in volunteering their time can find just the right projects for them at the media platform berliner-helden.com; at the same time, B.Z. publishes daily reports on its website to motivate potential volunteers.

- Since 1997, the Swiss magazine BEOBACHTER has awarded the *Prix Courage* to "every-day heroes" who are quick to help others or who selflessly advocate for an open, solidary, and just Switzerland.

- Under the slogan "How to save our planet," HÖRZU also tackled the issue of environmental protection by providing information to readers on concrete actions how they themselves can work towards climate protection. Again in September 2009, the weekly TV program guide FUNK UHR awarded the German Animal Protection Award in conjunction with the German animal protection association Deutscher Tierschutzbund e.V.

- The newspapers and magazines of the BILD family campaigned energetically in the interest of consumer protection. Among other things, in cooperation with technical-service provider TÜV Rheineland, they reported on consumer scams and Internet frauds, and uncovered safety deficiencies in German playgrounds.

Active support of social, educational, and cultural causes

Not only Axel Springer as a company, but also its employees, are actively committed to social, educational, and cultural causes as demonstrated by their actions in 2009 and in prior years.

Social projects
In 2009, the aid organization “BILD hilft e.V.” (also known as “A Heart for Children”) collected total donations of € 15.2 million, which were applied directly and without deductions to help children and families. The funds were used to support soup kitchens, day care centers, and schools, as well as medical procedures, such as operations and other types of therapies for children. Most of the money is used in Germany. Internationally, “A Heart for Children” provides international disaster relief, as it did in Haiti, but for the most part invests in education and funds life-saving medical treatment for children.

Some of the exemplary campaigns of Axel Springer’s various newspapers and magazines are mentioned below.

- The BERLINER MORGENPOST initiative known as “Berliner helfen e.V.” provides assistance to people in dire straits so that they can help themselves. This initiative is supported by reader donations and is accompanied by extensive reporting in the print edition and on the website.
- As part of its “Person to person” campaign, HAMBURGER ABENDBLATT reports on people in need of assistance and collects donations for them. Donations of only € 2 per vacation subscription raised more than € 20 thousand for the association “Kinder helfen Kindern e. V.”
- In 2009, the “Hand in Hand for Africa” campaign of FUNK UHR raised € 30 thousand for medical supplies and equipment for inhabitants of southwestern Tanzania.
- BILD am SONNTAG and the health insurance carrier, Techniker Krankenkasse, sponsor the PULSUS health-care award. The prize money is awarded to physicians and therapists who volunteer their services to help others.

Again in 2009, many Axel Springer employees supported the German hunger relief association Deutsche Welthungerhilfe by participating in the “Small Change Campaign.” Participating employees donate the cent amounts of their monthly salary payments and the company provides generous matching funds.

Educational and cultural projects
Axel Springer endowed the “Ernst Cramer Fellowship,” which provides stipends to enable young German journalists to live and work in Israel, and young Israeli journalists to live and work in Germany for a period of two months, in both cases. In cooperation with the International Journalist Program (IJP), applications for this stipend were solicited for the sixth year in a row in 2009. Aimed at future opinion leaders, this program is designed to heighten the awareness of German-Israeli relations. The participants gather first-hand impressions of the mentality, culture, and day-to-day lives of people in the other country.

As a member of the innovation initiative known as “Young People Thinking about the Future,” Axel Springer’s offset printing plant in Ahrensburg organized a workshop for 25 Hamburg secondary school students in October 2009. The participating students learned about the work of a printing plant, and discussed various social trends and technological innovations of interest to the media industry.

Sustainable business practices

Axel Springer undertakes a wide variety of measures to assure sustainable business practices in all areas of the Group. These measures are guided by the International Social Policy and the Group's Environmental Protection Guideline. Furthermore, Axel Springer voluntarily submits to regular audits of the organizational measures related to environmental protection at its printing plants in Germany. These audits are conducted by outside experts in accordance with the EC Eco-Audit process.

Every two years, Axel Springer voluntarily publishes an extensive Sustainability Report, which is audited by an independent institution. The Sustainability Report fulfils the more than 120 economic, social, and ecological performance criteria of the Global Reporting Initiative (GRI). The most recent report, published in 2008, was the first such report by a media company to receive GRI's highest-level completeness certification, "LEVEL A+."

As part of our international business strategy, international subsidiaries were more closely integrated into the Group-wide sustainability management program in 2009. Based on their particular circumstances, national subsidiaries in Poland, France, and Switzerland developed sustainability reports of their own that meet the requirements of the Global Reporting Initiative. Numerous improvement measures have been initiated on the basis of GRI criteria.

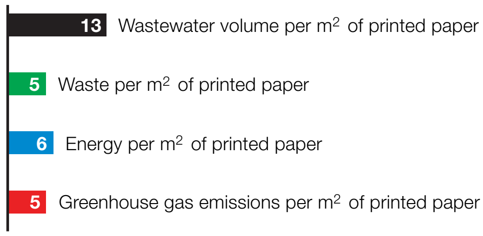
In addition to the printing plants, the Group-owned catering company PACE Paparazzi Catering & Event GmbH also instituted a comprehensive sustainability management program in the current year. It is now in the process of preparing a GRI-conformant sustainability report.

Environmental management at Axel Springer

The Environmental Protection Guideline imposes the obligation on all operating locations and companies of the Group to avoid creating environmental burdens whenever possible, and to continuously optimize their resource efficiency.

Environmental Indicators of the Printing Plants

% change from previous year



Unlike the case in previous years, Axel Springer was not able to further improve the specific environmental performance indicators of its printing plants in Germany and Hungary in 2009 due to the lower volume of print runs last year. Compared to the corresponding figure for 2008, the volume of wastewater per square meter of printed paper released into the public drainage system increased by 13 %. The reasons for this increase include problems encountered with the settings for the re-cooling system at the printing plant in Spandau and damage incurred at the printing plant in Essen-Kettwig. Due to the higher number of single-batch print runs, which necessitated additional set-ups of production equipment, the proportion of unsellable output (printer's waste) was higher. Consequently, the solid waste produced per square meter of printed paper was 5 % higher in 2009. Although the total energy consumption of the printing plants was 3 % lower in 2009 than in 2008, the energy consumption per square meter of printed paper was 6 % higher due to the fact that the base load for the equipment and buildings is largely unaffected by the size of the print runs.

The direct and indirect greenhouse gas emissions followed the trend of energy consumption. Although the overall emissions were lower, the emissions per square meter of printed paper were 5 % higher in 2009.

In collaboration with the German Printing and Media Industries Federation and the Sustainability Working Group in the National Association of German Magazine Publishers (VDZ), Axel Springer developed a CO_2 calculator in 2009. This model is used to analyze and track the typical processes involved in the production of newspapers and magazines. It is already being tested extensively in Axel Springer's printing plants in order to assess its practical suitability. The direct, climate-affecting greenhouse gas emissions result from the combustion of natural gas in the Group's printing plants, and the indirect CO_2 emissions result from the generation and delivery of purchased electricity and the externally purchased district heating for the operating locations of Axel Springer.

Sustainability management of suppliers

Aside from assuring sustainable business practices in its own operating locations, Axel Springer also exerts its influence on suppliers (primarily those active in the wood, paper, and recycling chain) so that they will engage in environmentally compatible practices with regard to the exploitation of natural resources in accordance with the Group's Environmental Protection Guideline. Axel Springer also imposes on its suppliers the social criteria set forth in the Group's International Social Policy (see page 96). In 2009, the Group purchased about 440 thousand metric tons of printing paper from roughly 50 papermaking factories in about 15 countries. About half the printing paper used by Axel Springer contains recycled paper.

Axel Springer conducts on-site inspections to verify compliance with its sustainability standards. Having already paid information visits to forestry enterprises in Russia and to suppliers of promotional materials in China, we inspected a manufacturer of short-fiber pulps made from eucalyptus wood in Fray Bentos, Uruguay, in 2009. This raw material is used in printing paper for magazine covers. As part of this inspection, we toured plantations and pulp production facilities, held talks with employees on the subject of social standards, and shared views with environmental protection and anti-corruption organizations. The inspection concluded with a positive assessment.

Participation in international initiatives

In 2009, Axel Springer again supplied data about its own greenhouse gas emissions (CO_2 equivalents) to be used in the German report of the Carbon Disclosure Project (CDP). The CDP is the world's largest joint project of institutional investors devoted to measuring the economic impacts of climate change.

As a member of the "Business & Biodiversity" initiative created by the German federal government in 2008, Axel Springer accepted the obligation to analyze the consequential effects of its activities on biological diversity, and to adjust its sustainability management program accordingly. One of the projects undertaken in this regard involves the formulation of biodiversity criteria to be applied in purchasing office paper and environmental advertising brochures. The Business and Biodiversity Initiative (B&B) is an international project conducted under the aegis of Germany's chairmanship of the UN Convention on Biological Diversity (CBD).

Business development and performance

General economic conditions

The economic environment was extremely challenging for all media companies in 2009. The worldwide recession adversely impacted their business throughout the year; in the second half, the economic situation stabilized on a low level. The advertising market in particular came under considerable pressure.

General economic environment
Following the worst economic downturn since the Second World War, the **global economy** picked up considerable momentum in the second half of 2009. Supported by massive economic stimulus programs and expansive monetary policies, the trend reversal occurred much faster than had been widely feared. According to calculations of the IMF, worldwide economic output contracted by 0.8 % in 2009.

The recovery was driven in large part by the dynamic growth of emerging economies. In the summer of 2009, for example, China's economy resumed growing at a rate almost matching its growth rate prior to the financial markets and economic crisis. Economic growth in the industrialized nations was more subdued, but they too were able to arrest the economic decline in the second half of 2009. The U.S. economy was buoyed by a strong jump in consumer spending, fueled in large part by the "cash for clunkers" program, which boosted automobile sales. On the other hand, investment on plant and equipment increased only slightly. The Japanese economy recovered somewhat, as foreign trade revived and consumer spending rose.

The **German economy** contracted in 2009 for the first time in six years. According to preliminary calculations of the German Federal Statistical Office, German gross domestic product decreased by 5.0 % in real terms. Most of the economic contraction occurred in the winter months of 2008/2009, as the economy stabilized in the later course of 2009. The German economy was weighed down by the performance of exports, which had served as an important growth engine in earlier years. Exports declined at a real rate of 14.2 %, and imports at a real rate of 8.9 % in 2009. On the other hand, consumer spending provided a positive boost to the economy. Benefiting very much from the government subsidization of car sales, consumer spending increased at a real rate of 0.2 % in 2009; excluding automobile purchases, however, private households actually reduced their spending. The reason behind this was the 0.9 % decrease in take-home pay. According to the consumer research institute Gesellschaft für Konsumforschung (GfK), consumer sentiment improved steadily during the course of 2009, although a slight retrenchment was observed in December. Consumer spending was bolstered by the historically low inflation rate of only 0.4 %, the lowest reading since the reunification of Germany. Lower food and energy prices were key factors contributing to the low inflation rate.

Despite the deep recession, unemployment increased only slightly in 2009 as companies sought to protect jobs and resorted to shortened working hours to a substantial degree. According to the German Federal Employment Agency, 1.1 million employees were working fewer-than-normal hours in September 2009. On average, 3.4 million people were unemployed in 2009.

In our **international** markets the eastern European Member States of the European Union were especially hard hit by the global economic crisis in 2009. With the exception of Poland and the Czech Republic, none of the countries in this region were in a position to undertake significant economic support measures. On average, eastern European Member States saw their gross domestic products contract at a rate of 3.9 %.

Poland was the only EU nation in eastern Europe to achieve positive economic growth in 2009 at a real growth rate of 1.3 %. The Czech Republic saw its GDP decline at a rate of 4.3 %, while Hungary was even greater of 6.6 %. As a result of the lower global demand for commodities and a drastic decline in investment expenditures, the Russian economy suffered a real contraction of 8.0 % in 2009.

All the **western European** nations were adversely affected by the economic crisis in 2009. Supported by government spending, the French economy contracted by only 2.3 %. Compared with other European countries, Switzerland experienced a relatively mild GDP contraction of only 2.0 %. The Spanish economy contracted at a rate of 3.7 % in 2009. Thanks to extensive economic stimulus measures and a revival of exports, Spain recovered somewhat over the course of the year.

Industry environment

Press distribution market

The reduced level of consumer spending (excluding automobile purchases) was clearly evidenced in the development of the German press distribution market. Weighted for their respective publication frequencies, the total paid circulation of newspapers and magazines tracked by IVW was 2.4 % less than the corresponding prior-year figure. Thanks to price increases implemented in the last four quarters, however, circulation revenues were only 0.8 % less than the respective prior-year figure.

All together, the 373 **daily and Sunday newspapers** tracked by the IVW generated total sales of 23.2 million units per issue, indicative of a 2.2 % decrease from the prior year. Newsstand sales suffered a much worse decline (–3.9 %) than subscription sales (–1.8 %) in 2009 in a continuation of the trend observed in the previous year. Within the press distribution market, the demand for daily and Sunday newspapers (weighted for their respective publication frequencies) declined by 2.4 % in 2009.

At 115.1 million units per issue, the total sales of **general-interest magazines** (including membership and club magazines) declined by 1.0 % from the prior year. Having sustained a 0.2 % decrease from the prior year, newsstand sales experienced an almost identical development as subscription sales (–0.1 %). Weighted for their respective publication frequencies, the demand for general-interest magazines in 2009 was 2.3 % lower than in 2008.

Whereas the circulation of print media continued to fall, online media continued to gain readers in 2009. According to a study entitled “Internet facts 2009-III” published by the online research association Arbeitsgemeinschaft Online Forschung (AGOF), 43.5 million people in Germany used the Internet (Internet users over the last three months). This number represents 67.1 % of the German resident population over the age of 14. As the Internet has become established in all segments of the population, the demographic structure of Internet users has drawn increasingly closer to that of the overall population. Of the 43.5 million people who use the Internet on a regular basis, 64.5 % use it to obtain news about world events, and 57.3 % use it for regional or local news. Thus, along with retrieving and sending e-mails, weather information, online shopping, and online research, news is one of the most important reasons for using the Internet. More than one-third of users turn to the Internet for information on movies, show times, and sporting events either frequently or occasionally. Another one of the 20 most-used online categories is jobs and real estate listings.

Based on the data published by IVW, content portals of the German print media were visited much more frequently in 2009 than in 2008. Thus, the 20 most-visited portals of German premium newspapers registered an average 34 % increase, and magazine portals a 31 % increase in the number of visits. Furthermore, nearly all the portals that are geared primarily to entertainment attracted higher numbers of visitors. According to comScore, the number of unique visitors to the most-visited portals increased at a double-digit rate.

Advertising market

The advertising market was also hard hit by the economic crisis in 2009, as businesses reduced their advertising budgets across the board. However, this trend is not fully reflected in the available data on the state of the advertising market, including the data provided by Nielsen Media Research, among others. That is because this data only refers to advertising for branded products and services, and that of large-scale retailers, and does not include classified ads and brochure supplements. It should also be remembered that considerably intensified competition in the media industry is putting pressure on advertising rates, so that figures based on standard rates, which disregard any discounts allowed, do not truly reflect the actual situation. Therefore, the trend of net advertising revenues, which is economically more important, was considerably more unfavorable.

At € 18.9 billion, the **total advertising market** (including conventional online advertising, but excluding search-term marketing and affiliates, as well as media advertising) was nearly unchanged from the prior-year level, having increased by only 0.3 % in 2009 (Nielsen Media Research). Based on preliminary estimates of the Central Association of the German Advertising Industry (ZAW), however, **net advertising revenues** declined by 8 % across all media categories. At € 6.6 billion, the gross advertising revenues of **print media** (excluding classified ads and advertising supplements as well as media advertising) were considerably lower (– 6.4 %) than the corresponding prior-year figure.

According to Nielsen Media Research, the volume of **newspaper** ads for brand-name products (excluding media advertising) was slightly higher (+ 0.7 %) than the prior-year figure. While advertisers in the sectors of finance, automobiles, energy, other transportation, and telecommunications reduced their newspaper advertising expenditures, advertisers in the sectors of textiles and clothing, retail, tourism, art and culture, and food increased their newspaper advertising expenditures. Discount stores in particular increased their advertising expenditures substantially again. However, because Nielsen tracks only a relatively small portion of newspaper advertisements, namely those for branded products and services and the advertising supplements of large-scale retailers, this data does not fully reflect the actual business performance in this segment. According to ZMG-Statistik, for example, the net advertising volume of regional subscription newspapers (including classified ads) declined by 12.1 %, while the ad volumes of national newspapers (including classified ads) actually declined at an average rate of 30.0 % in 2009 (Ulrich + Partner). In the group of regional subscription newspapers, the volume of all classified ads was lower in 2009; this trend was most pronounced with regard to the volume of job ads, real estate ads, automobile ads, and event ads. In 2009, the volume of job ads was 39.3 % lower than the corresponding prior-year figure.

At € 2.6 billion, gross advertising revenues in the German **general-interest magazine** market (excluding media advertising) were 14.8 % less than the corresponding prior-year figure. Nearly all categories of general-interest magazines were affected by declines in advertising revenues, but the declines were most pronounced in the categories of illustrated current-interest magazines (– 19.0 %), business magazines (– 35.6 %), IT/telecom magazines (– 26.0 %), monthly women's magazines (– 13.9 %), and automotive magazines (– 15.0 %). Only health and parenting magazines experienced an increase in advertising revenues (+ 0.5 %). In the case of general-interest magazines, net advertising revenues also fared much worse than gross advertising revenues.

According to Nielsen Media Research, gross advertising revenues (excluding media advertising) in the German **online market** (conventional banner advertising, excluding search-term marketing and affiliates) increased by 10.4 % in 2009, reaching € 1.5 billion. Also in this segment, data does not include any form of revenue-reducing discounts so that the actual development was significantly less favorable. According to estimates of OVK, the online advertising market experienced net growth of 2 %–3 % in 2009. Again in 2009, the online services sector accounted for the highest volume of advertising, with gross advertising revenues of € 234.3 million (– 10.9 %). The increase in the advertising revenues of conventional online banner formats was driven mainly by the retail, personal care products, automobiles, tourism, textiles and clothing, and data processing sectors. Nonetheless, the growth of conventional online advertising slowed from the rates observed in prior years. For the first time since online advertising revenues were first recorded in 2003, advertising expenditures actually declined in the months of June (– 1.7 %) and August 2009 (– 7.2 %). The online marketers association OVK calculated total online gross advertising revenues (including affiliate networks and search-term marketing) of € 4.1 billion (+ 12 %) for the full year 2009.

According to Nielsen Media Research, advertising-financed **television in Germany** experienced a 2.6 % increase in gross advertising revenues (excluding media advertising) in 2009 to reach € 8.74 billion. Whereas private-sector TV stations expanded their gross advertising revenues by 3.2 % to € 8.39 billion, state-owned TV stations saw their advertising revenues decline by 10.3 % to € 342.1 million.

In the German **radio** market, gross advertising revenues (excluding media advertising) increased by 2.1 % to € 1.16 billion in 2009. Whereas state-owned radio stations saw their gross advertising revenues increase by

8.3 %, the gross advertising revenues of private-sector radio stations were nearly unchanged from the prior year (– 0.1 %). Also in the case of electronic media, the growing divide between gross advertising revenues and net advertising revenues is not reflected in these figures.

According to the current forecast of ZenithOptimedia, the net advertising expenditures on newspapers and magazines (including classified ads) in the **international markets** in which Axel Springer is represented with its own **print media** declined across the board in 2009. In some cases, double-digit declines were registered.

Print Advertising Demand 2009 (Selection)

Change in net ad volume compared to prior year	Newspapers	Magazines
Germany	– 6.0 %	– 19.3 %
Poland[1]	– 20.5 %	– 14.3 %
Switzerland[2]	– 7.1 %	– 9.0 %
Hungary	– 18.5 %	– 13.5 %
France	– 8.0 %	– 19.1 %
Spain[1]	– 25.0 %	– 28.5 %
Russia[3]	– 54.3 %	
Czech Republic[2]	– 14.0 %	– 11.7 %

Source: Forecast according to ZenithOptimedia, Advertising Expenditure Forecasts 2009.
[1] Excluding classified ads.
[2] Gross advertising volume, excluding classified ads.
[3] Print media in total.

Business developments and operating performance of the Group

Acquisitions, divestitures, and strategic partnerships

Axel Springer took additional steps to bolster the cross-media orientation of its media portfolio in 2009. In the business of domestic newspapers and magazines, the Group sold various peripheral activities; in the international print business, the Group reorganized its activities in Poland and expanded its business in Russia; and in the digital media business, the Group particularly made significant investments in marketplaces and performance-based online marketing and expanded its activities to the key British market.

Newspapers National

In the first half of 2009, we sold minority investments and streamlined our regional newspaper portfolio to focus on the markets of Hamburg and Berlin. In the spring of 2009, Axel Springer AG already sold its investments in the regional newspapers Leipziger Volkszeitung (50 %), Lübecker Nachrichten (49 %), and Kieler Nachrichten (24.5 %), as well as its equity interest in the north German publishing holding company Hanseatische Verlags-Beteiligung (23 %), to Verlagsgruppe Madsack, Hanover. The total purchase price for this transaction was € 275 million. Of this amount, € 125 million was paid at the start of the second quarter and the balance was deferred. It will be paid with interest in regular installments over the period from 2011 to 2016. Concurrently with the sale of the regional newspaper investments to Verlagsgruppe Madsack, Lübecker Nachrichten also purchased Axel Springer's equity interest in Ostsee-Zeitung in Rostock (50 %) for a purchase price of € 35 million.

The sale of the newspaper Elmshorner Nachrichten to the newspaper publisher Schleswig-Holsteinischer Zeitungsverlag was finalized in August 2009. The same buyer also purchased Axel Springer's minority interest (23.44 %) in Pinneberger Tageblatt in April 2009.

Last, in December, Axel Springer sold its minority interest (14.5 %) in the regional newspaper Westfalen-Blatt to the Dr. Ippen newspaper group. The sale was finalized in January 2010.

Magazines National

In the Magazines National segment, Axel Springer reorganized its women's and music titles in July 2009. As part of this reorganization, the youth titles of Axel Springer Mediahouse München (Popcorn and Mädchen) and the women's magazine Jolie were sold to Vision Media GmbH, with its head office in Munich, and the 50 % interest in Family Media GmbH & Co KG was sold to 2ME Holding AG, Basle/Switzerland. Yam! had already been positioned as a purely online youth brand in January 2009 and the print edition was discontinued.

In the future, the two remaining major women's magazines BILD der FRAU and FRAU von HEUTE will be managed along with the TV program guides in the new publishing group for TV program guides and women's magazines. The music titles ROLLING STONE, MUSIKEXPRESS, and METAL HAMMER have been assigned to the WELT Group and their editorial departments relocated from Munich to Berlin.

In May 2009, Axel Springer Financial Media GmbH sold its monthly entrepreneur's magazine MARKT und MITTELSTAND in order to focus its print activities on EURO and EURO am SONNTAG.

Print International

The most important change affecting the Group's international print media was the purchase of a 49%-equity interest in Infor Biznes Sp. z o.o., a subsidiary of the Polish publishing house Infor PL. This acquisition was finalized in October 2009. In September, the daily newspaper DZIENNIK had been combined with Gazeta Prawna, a newspaper published by Infor Biznes, in order to create a new premium newspaper with an accompanying online presence. The new DZIENNIK GAZETA PRAWNA improves Axel Springer's market chances in Poland's highly competitive environment.

Axel Springer Russia further extended its market position in that country by purchasing all the shares of G+J Russia. In the future, the entire portfolio of G+J Russia, including the established print titles GEO, GALA BIOGRAFIA, GEO TRAVELLER, and GEOLENOK, will be operated under license. The acquisition also covered various online sites, including the parents' portal moiroditeli.ru and the lifestyle website moizvezdi.ru. This transaction is pending, subject to the approval of the cartel authority.

Digital Media

Axel Springer expanded its market position in the segment of online marketplaces. In early September 2009, Axel Springer increased its investment in StepStone ASA, Oslo/Norway, from 33.26% to 52.77%, through the purchase of additional shares. After further purchases, mainly in connection with a public takeover bid and the initiation of a squeeze-out process, Axel Springer held 100% of this company's equity as of the balance sheet date. StepStone operates online job exchanges in 13 countries of Europe and is therefore one of the leading providers in this segment. StepStone is also one of the world's leading providers of talent management software.

Axel Springer also stepped up its activities in the area of performance-based online marketing significantly in 2009. Effective in October 2009, Axel Springer and PubliGroupe together purchased 50.1% of the equity in Digital Window Ltd., London/Great Britain, one of Britain's leading providers of performance-based online marketing services, by way of a joint intermediate holding company (Axel Springer share: 52.5%). By means of exercising the call and put options stipulated in the corresponding agreement, the remaining equity still held by the founders can be purchased on a step-by-step basis in the future. Digital Window ideally complements the activities of zanox, especially from a regional perspective. The acquisition in Great Britain, the biggest European market for such services, creates an opportunity to accelerate the company's international growth and further develop the offered services on a joint basis.

Moreover, Axel Springer and PubliGroupe, Lausanne, established the framework conditions for the strategic further development of zanox. This company will remain under the joint management of the shareholders Axel Springer and PubliGroupe (47.5%), with Axel Springer holding a majority interest of 52.5%. Therefore, the revenues and results of zanox will be completely consolidated in the financial statements of the Axel Springer Group in the future as well.

In consideration of the various tax and regulatory proceedings that have been brought against companies of the Doğan Group, Axel Springer entered into an agreement with Doğan Sirketler Grubu Holding A.S. (DH), the parent company of the Doğan Group, in November 2009. This agreement enhances the guarantees and protected rights of Axel Springer with regard to its investment in the TV subsidiary Doğan TV Holding A.S. (DTV), Istanbul/-Turkey. Among other things, DH has guaranteed payment of all claims against Doğan Yayin Holding A.S. (DYH), Istanbul/Turkey, as part of the stable-value clause, which was extended to 2016. The judicial proceeding against DTV for tax claims and penalties of approximately € 2.2 billion is still pending in the first instance. On the other hand, the regulatory proceeding brought by the media oversight authority RTÜK against DTV and various subsidiaries was suspended indefinitely in January 2010. In a recent ruling, the court of first instance declared that about 90 % of the claims being pursued against DYH by the Turkish tax authorities in the total amount of approximately € 425 million were unjustified. As part of this proceeding, moreover, in early February 2010 a court ordered the release of assets that had been frozen by the Turkish tax authorities as security for its claims.

Based on the agreement made in November 2009, DYH conducted a capital increase of approximately € 196.4 million for DTV in January 2010. As a result, Axel Springer's investment was reduced from 25.0 % to initially 22.1 %. The agreement calls for another capital increase of about € 188.0 million, which will further reduce Axel Springer's investment in DTV to 19.9 %.

The contracts concluded in November 2008 for the purchase of shares representing at least 9.1 % of DYH's equity and the reduction of Axel Springer's investment in DTV to 19.9 % have not yet been finalized, due to the above-mentioned judicial proceedings. Nonetheless, the agreement of November 2009 stipulated that Axel Springer will purchase an equity interest of 29 % in DYH. One of the preconditions for this acquisition is the successful out-of-court settlement of the tax proceeding against DTV. Because the proceeding is still pending before the court, one precondition for the obligation to finalize the agreement was not met. Nonetheless, DH and Axel Springer continue to discuss the possible acquisition of an investment in DYH by Axel Springer.

Consolidation of competencies

Along with the active management of the media portfolio, particular emphasis was given also to the creation of consolidated editorial competence centersin the Magazines National segment and to the centralization of reach marketing.

In April 2009, our six TV program guides were placed under the control of a joint editorial department in Hamburg; in May 2009, the women's magazines BILD der FRAU and FRAU von HEUTE were likewise placed under the control of a central editorial department and in the following month the editorial departments of COMPUTER BILD, COMPUTER BILD SPIELE, and AUDIO VIDEO FOTO BILD were combined. The combined usage of editorial capabilities will make it possible to sharpen the profiles of the individual titles, exploit content-related synergies and optimize costs.

In the first quarter of 2009, the central marketing unit Axel Springer Media Impact broadened its portfolio by also assuming responsibility for the marketing of computerbild.de and sportbild.de. Thus, all the Group's newspapers, magazines, and related digital media, both national and international, are now marketed centrally. This move solidified Axel Springer Media Impact's position as Germany's biggest cross-media media marketer and as the first choice for online brand advertising. According to market studies, Axel Springer Media Impact has widened its lead over competitors, based on gross market shares. Towards the end of 2009, the Group's central marketing unit reached more than 75 million newspaper and magazine readers in Germany and unique users of content portals. Furthermore, the process of integrating the national media properties under the roof of a comprehensive and consistent marketing concept was completed.

In the first quarter of 2010, Axel Springer Media Impact will take over the telephone-supported acquisition of small to mid-sized advertising customers and ad service from ASV Direktmarketing GmbH (asdirekt), a wholly owned subsidiary of Axel Springer. Consequently, asdirekt, which will be assigned to the WELT Group, BERLINER MORGENPOST, and HAMBURGER ABENDBLATT, will mainly be left with subscriber service and support. The closer connection with market units resulting from this move will enhance the effectiveness of direct marketing in all distribution channels and generate efficiency and quality advantages in subscriber service and support.

Innovation and product development

Axel Springer upgraded its business model by further expanding its spectrum of products and services in 2009. Highlights included the development of new advertising formats, the intensive linkage of print and online media, and the conception of paid digital content.

Innovative advertising formats

Building on the extremely successful advertising format known as “people’s products,” which was conducted in November 2009 for the 100th time, Axel Springer Media Impact introduced a new advertising format, “family products,” at the start of 2010. Under this joint marketing concept, selected products are promoted on a cross-media basis in BILD am SONNTAG and in other high-reach publications of the BILD family. The new marketing service has been very well received by advertising customers.

In addition, a performance-based remuneration system for manufacturers of fast-moving consumer goods, the first of its kind, was already presented in the first half of 2009. From the outset, this new system encountered a high level of acceptance in the market. Under this service, the cost is determined on the basis of the measurable sales impact of the ad placements.

In close cooperation with BILD and Bild.de, moreover, Axel Springer Media Impact created the innovative format of “user-generated advertising,” which is highly regarded in the trade community. Under the campaign known as “Make Your Own Ads in BILD,” readers, artists, and advertising professionals were invited to design the next advertising campaign for BILD. The quality of the more than 10 thousand submissions received by the editorial department exceeded everyone’s expectations. Prizes were awarded to the best ideas, which were then quickly implemented in the marketing area. This format will be pursued and offered to selected advertising customers in the future as well.

Axel Springer also extended its strategic partnerships in areas such as moving-image and regional marketing, and boosted its gross market shares.

Furthermore, Axel Springer Media Impact has been using the “Smart AdServer” technology developed by auFeminin.com since mid-2009. Using this technology, we can help our customers design their advertising campaigns on a quick, intuitive basis using innovative video and rich-media formats.

In the segment of performance-based online marketing, zanox launched its “Web Services” in 2010. These services provide improved access to the partner network and web infrastructure so that customers can implement innovative models to monetarize their websites. zanox organized two contests to promote the development of innovative applications and tools for the Web Services interface. The response was extraordinary and numerous ideas have since been implemented. In the zanox Application Store, a B2B innovation platform that opened in June, developers can present their applications live and advertisers can make use of new, highly promising tools.

Further development of media formats

Seizing upon the latest trends in reader and user behavior, Axel Springer developed new formats and made adjustments to existing publications with the support of in-depth market research. In the print media, the following projects were especially noteworthy:

- A pilot project for distributing BILD in a handy tabloid format. When tested in Munich’s commuter rail system, the new format met with strong interest among readers, retailers, and the trade press. Aimed primarily at young readers and commuters, the new tabloid-format BILD will be optimized in 2010.

- The market introduction of HÖRZU WISSEN, a high-quality, bimonthly magazine that presents topics in the areas of nature and the environment, health, history, and science in a reputable, interesting, and credible manner.

- In response to strong reader interest, our specialist publication for classic cars both old and young, AUTO BILD KLASSIK, will now appear every two months, instead of four times a year, starting in 2010.

- The launch of BEOBACHTER Natur, a quarterly magazine aimed at nature-loving readers in Switzerland. Due to the positive response of readers and advertising customers, this title will now appear on a nearly monthly basis (ten issues a year), starting in 2010.

Axel Springer also came out with numerous innovations in its digital media business, particularly:

- Expanded, personalized content settings on Bild.de. As of May 2009, users can configure the news appearing on Bild.de to suit their own particular interests and link it to their own homepage, in line with the slogan "Make Your Own Bild.de." Also, the web-TV offering was expanded, in that every major news story is now accompanied by an internally produced news video. Furthermore, Bild.de further expanded its offering of innovative video formats by adding a new movie portal, among other things. In cooperation with computerbild.de and autobild.de, Bild.de offers software downloads and a video channel for automobiles.

- Intensive linkage with social networks in the German-language Internet. Since the third quarter, for instance, Axel Springer's portals present news stories on Facebook, Twitter, and XING, along with a daily newsletter.

- The first-ever print edition of a soccer guide by transfermarkt.de, timed to coincide with the start of the German soccer season in September 2009. This voluminous reference work covering almost 300 pages demonstrates the fact that "cross-media" at Axel Springer is not a one-way street: besides transferring print content to online media, we also transfer web content to print media.

- The introduction of new content portals in the Group's international markets. In Poland, Axel Springer launched the college student portal and online career center students.pl, plus a Polish version of auFeminin.com, known as oFeminin.pl. In Switzerland, Axel Springer on the basis of finanzen.net completely overhauled and relaunched its investors' portal stocks.ch, and the electronic program guide tele.ch launched in the second quarter, offering convenient search functions, plus all the program tips contained in the print edition.

Establishment of paid premium-content offers

When it comes to the development and introduction of paid premium-content offers on the Internet, Axel Springer has played a pioneering role in the publishing industry. As part of our premium initiative, several of our German newspapers introduced innovative paid-content subscriptions for the iPhone and Internet in the second half of 2009. Subscribers of these services benefit from attractive content, easy-to-use functions and services, and simple billing options.

As of December 2009, various newly developed iPhone applications for BILD and WELT are available for download under exclusive subscription plans. Their unrivalled navigation features optimally exploit the capabilities of these mobile communication devices. Furthermore, subscribers receive much more than what is available under the existing, no-cost mobile services of BILD.de and WELT ONLINE. For example, they can read pdf versions of the print editions of BILD and WELT KOMPAKT on the evening before the newspapers are distributed. These apps have gotten off to a very successful start. Since the beginning of 2010, in fact, we have registered more than 100 thousand downloads. Furthermore, the paid mobile subscription service known as "My Club Premium" has been available to users since the third quarter of last year. With this service, soccer fans receive personalized, up-to-date news from the First and Second National Soccer Leagues via their iPhones. Another service that went live in the third quarter of 2009 was the new "Bild.de Super-Manager," a fantasy league in which more than 100 thousand soccer teams have been created by users. As a complement to its advertising-financed movie portal, Bild.de now also offers a paid movie service under videothek.bild.de. Another paid content service is the WELT am SONNTAG e-mag, the new digital magazine produced by Germany's biggest premium Sunday newspaper. The e-mag features news stories from all departments, in an optically rich multimedia presentation. Finally, the premium newsletter WELT LAGE provides a digital news survey with direct links to news stories and commentary from media outlets and blogs.

As of December 2009, the websites of BERLINER MORGENPOST and HAMBURGER ABENDBLATT offer both free content and paid premium content. Since that time, non-subscribers can access the primarily local and regional news stories and the online archive only by paying a fee.

Since the fourth quarter of 2009, a premium application of the news portal bz-berlin.de is offered in the iTunes Store. Subscribers of this new mobile service can access all the news, reports, and photo galleries of Berlin's biggest newspaper anywhere and at any time. The "floating navigation" feature allows the application to determine the user's exact location, so that he or she can navigate through the various districts in a targeted manner and find just the right local stories twenty-four hours a day.

Cross-media linkage

Axel Springer continued its intensive efforts to link its newspapers and magazines with its digital media in 2009. For example, BILD and BILD am SONNTAG spatially integrated their editorial teams on a cross-media basis across all departments. Furthermore, 250 BILD reporters were equipped with mini-cameras so they can record online video content.

In July, the online portal of BERLINER MORGENPOST launched a newsletter "Berlin in the Morning," produced in the integrated newsroom, which provides an overview of life in the capital city every work day. In cooperation with immonet.de, moreover, BERLINER MORGENPOST and HAMBURGER ABENDBLATT initiated the cross-media marketing of real estate ads in the third quarter of 2009. Consequently, online ads and newspaper ads can now be booked together, in a high-reach and also low-cost combination.

Axel Springer also seeks to network its digital media together. As an example, the cooperation between sportbild.de and transfermarkt.de and between computerbild.de and the online games provider gamigo.de was intensified in 2009.

Finally, we achieved a milestone also with regard to the intensive linkage of TV program guides with digital TV navigation. The new self-learning software program watchmi.tv by Axel Springer Digital TV, which operates as a plug-in for the Windows Media Center, records TV shows according to the users' individual preferences and organizes them into personal TV channels. Because it allows for highly personalized advertising, this service has opened up new revenue sources as well. In cooperation with Axel Springer Digital TV, the TV program guides published in Switzerland overhauled their common website and added a new electronic program guide.

Awards

The innovation capacity and the excellent journalistic quality of our media were again recognized in 2009 by means of numerous distinctions and awards.

In this year's Best of Newspaper Design contest sponsored by the U.S. Society of News Design, WELT am SONNTAG was honored as the World's Best Designed Newspaper for its outstanding design, graphics, and photos. In addition, Germany's leading premium Sunday newspaper received this year's Herbert Quandt Media Prize for its "Kinderleicht" series, which presents complex economic and financial topics in a way that children can understand. Also, WELT KOMPAKT received the World Young Reader Prize 2009 of the World Association of Newspapers for its trailblazing editorial strategies. In another distinction, the integrated newsroom of WELT Group/BERLINER MORGENPOST was chosen as one of the "selected places" as part of the location initiative "Land of Ideas" in February 2009, in recognition of its trendsetting contributions to the media landscape. Furthermore, the WELT Group received the Cross-Media Award 2009 of the World Association of Newspapers and News Publishers (WAN-IFRA) for having run the best international cross-media campaign of any newspaper publishing house in the world.

BERLINER MORGENPOST also placed very well in the Best of Newspaper Design contest, winning six Awards of Excellence, especially for the layout and design of the weekly supplement BERLINER ILLUSTRIERTE. And the editorial team of BERLINER MORGENPOST received two awards: the coveted Theodor Wolff Award of the Federation of German Newspaper Publishers for outstanding reporting and the German Local Journalist

Award of the Konrad Adenauer Foundation for a series of articles. Furthermore, Die WELT received the Media Award of the insurance company AachenMünchener Versicherung for its consumer section. Finally, various reporters and editors of the Axel Springer Group received individual journalist awards.

HAMBURGER ABENDBLATT received the World Young Reader Prize 2009 for its youth project "Leseecke," under which schools receive free subscriptions from so-called subscription mentors. Furthermore, an exemplary local news report was honored with the "German Reporter Award 2009" of the Reporter Forum.

Our magazines in Germany and abroad also received various important awards in 2009. In late March 2009, for example, Germany's top athletes again chose SPORT BILD as the best sports magazine. Consequently, SPORT BILD received the prestigious gold-medal HERBERT Award for the third year in a row. In France, the biweekly cooking magazine VIE PRATIQUE GOURMAND was honored by the French Publishers' Association and in Russia, our publications FORBES, NEWSWEEK, and COMPUTER BILD were selected as Press Leaders 2009 in their respective market segments by the Russian Press Association.

In the Digital Media segment, our online properties immonet.de, StepStone, zanox, and Digital Window all won awards in 2009. At the biggest Internet User Award in the German-speaking world, immonet.de was named the "Online Star 2009" as the most popular website in the category of "Money and Career." The real estate marketplace was also singled out for its innovative radio campaign and was named the best real estate portal in the vote for the Website of the Year.

In the ranking of the 500 best software-as-a-service (SaaS) providers, StepStone's Solutions Division remarkably achieved sixth place, making it the most highly ranked company in Europe. For the second year in a row, the German website StepStone.de was elected as having the best career services offering in connection with the audience award Website of the Year.

The industry association iBusiness awarded the title of Best Affiliate Network to zanox. Furthermore, zanox was named one of Europe's ten most innovative Internet companies for its TechCrunch technology portal. The international success of zanox is reflected in its top ten placement in the U.S. affiliate networks ranking of the U.S. Website Magazine, among other distinctions. As part of a comparative test conducted by Internet World, zanox's website achieved the top mark. Among the factors cited for this decision was the high quality of the contacts and transactions generated for advertising companies.

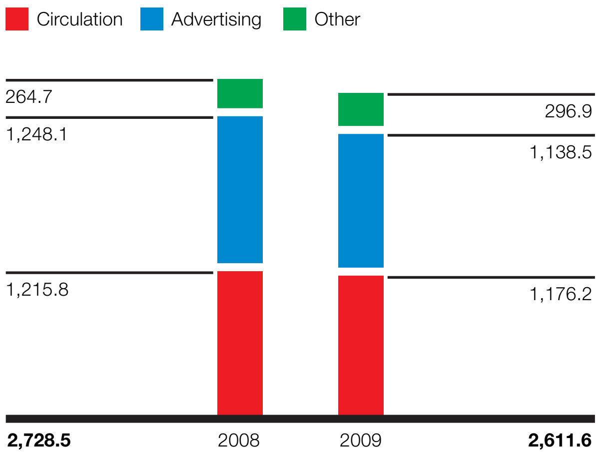
As part of the a4u Awards 2009, Digital Window was named Innovative Network of the Year for the third year in a row, as well as the Publisher's Choice of Network.

Business development and performance – Group

Despite the recessionary environment, Axel Springer performed well in its principal sales markets, especially compared with its competitors. At € 2,611.6 million, total revenues were 4.3 % less than the corresponding prior-year figure (PY: € 2,728.5 million); adjusted for consolidation effects, they were down 5.6 %. Adjusted for foreign exchange effects, consolidated revenues were only 3.1 % less than the corresponding prior-year figure. Total revenues were weighed down especially by the depreciation of eastern European currencies.

Revenues

in € millions

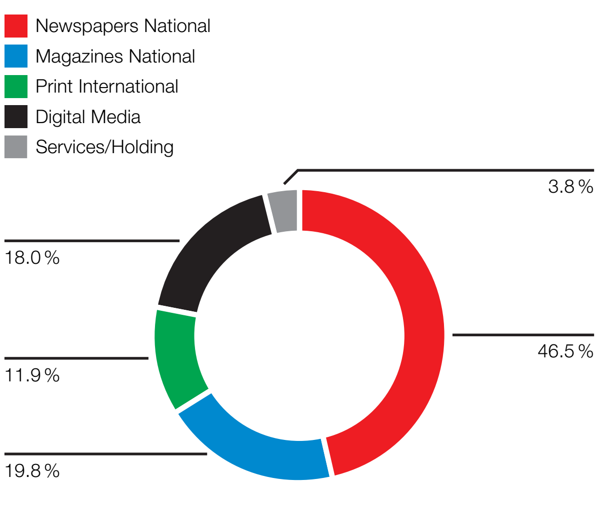


At € 1,176.2 million, **circulation revenues** were 3.3 % less than the prior-year figure (PY: € 1,215.8 million) and accounted for 45.0 % of total revenues. Thanks to the strong market position of our print media, the circulation declines were partially offset by selective copy price increases. The circulation revenues of the Group's German newspapers were actually slightly higher than the corresponding figure for 2008, while the international print media suffered a substantial decrease in circulation revenues.

At € 1,138.5 million (PY: € 1,248.1 million), the **advertising revenues** for 2009 were 8.8 % less than the corresponding figure for 2008 and accounted for 43.6 % of total revenues. As expected, the advertising revenues of the print media experienced an even weaker development, declining by 17.9 % in 2009, in a reflection of the extreme restraint exhibited by advertising customers in the Group's national and international markets. On the other hand, the advertising revenues of the Digital Media segment exhibited strong growth of 24.1 %.

At € 296.9 million, the **other revenues** were 12.2 % higher than the corresponding prior-year figure (PY: € 264.7 million). Aside from moderate organic growth of 1.9 %, this increase resulted mainly from consolidation effects, including in particular the first-time consolidation of StepStone and the first full-year consolidation of gamigo.

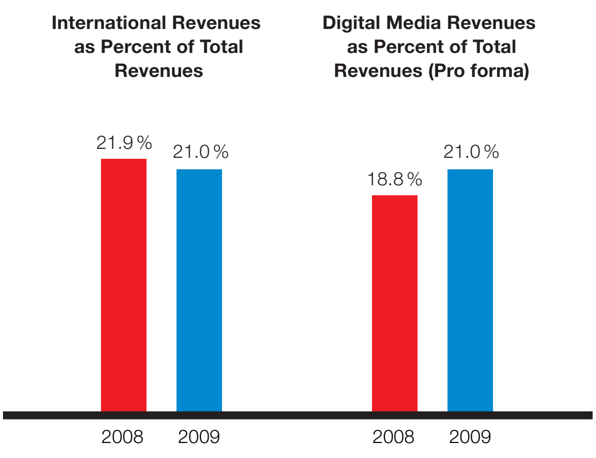
Segment Revenues 2009



Comparing the revenue performance of the different **segments**, the national print media fared better than the international print media, with national newspapers posting a 5.0 % decrease and national magazines posting an 8.2 % decrease in revenues, while the revenues of the international print media were down 23.9 % in 2009. Accounting for 46.5 % of total revenues, nearly unchanged from the prior year (PY: 46.8 %), the Newspapers National segment was again the biggest contributor of Group-wide revenues by a wide margin. The revenues of the Digital Media segment posted strong growth of 24.4 %.

Pro-forma digital media revenues amounted to € 569.0 million (PY: € 543.5 million). Consequently, the proportion of total revenues represented by digital media revenues rose to 21.0 % (PY: 18.8 %). This figure includes the revenues of the companies acquired during the course of 2008 and 2009, especially StepStone, Digital Window, and gamigo, on the basis of unaudited financial information.

International and Digital Media Revenues



As a result of unfavorable foreign exchange effects and the particularly difficult market conditions in eastern Europe, the **international revenues** suffered a disproportionately large decline of 8.2 % to € 547.6 million (PY: € 596.8 million). Consequently, the proportion of total consolidated revenues represented by international revenues declined from 21.9 % in 2008 to 21.0 % in 2009.

Under the assumption of constant exchange rates, the revenues generated in our international markets experienced a more moderate decline of 2.7 % in 2009.

At € 2,383.5 million, the **total expenses** contained in the earnings before interest, taxes, depreciation, and amortization (EBITDA) were 0.8 % higher than the corresponding prior-year figure (PY: € 2,365.2 million). This increase resulted mainly from the consolidation of StepStone (especially personnel expenses) and Digital Window (especially purchased goods and services). Excluding acquisition effects, the total expenses were less than the corresponding prior-year figure. This development is a reflection of the efficient cost management practiced by Axel Springer again in 2009. The total expenses included restructuring expenses of € 74.9 million (PY: € 29.2 million). Furthermore, we made additional investments in our BILD and WELT brands in the fourth quarter of 2009.

The **purchased goods and services** declined from € 945.4 million in 2008 to € 886.4 million in 2009. The 6.2 % decrease resulted primarily from the lower print circulation runs, which led to lower production costs and paper consumption. A countervailing effect emanated from the organic growth and acquisitions in the business of performance-based online marketing. At 33.9 %, the ratio of purchased goods and services was slightly less than the corresponding ratio for 2008 (34.6 %).

At € 791.9 million, the **personnel expenses** were 9.6 % higher than the corresponding prior-year figure (PY: € 722.5 million). The significant increase was due in part to the non-recurring effect of the substantial expenses incurred for lay-off mitigation plans and partial early retirement schemes (known as Altersteilzeit in Germany) and in part to the first-time consolidation of new subsidiaries. In the course of these, the average workforce rose from 10,666 in 2008 to 10,740 in 2009.

At € 92.4 million, the **depreciation, amortization, and impairments** were 17.6 % less than the corresponding prior-year figure (PY: € 112.1 million). The comparison figure for 2008 had been influenced by impairment losses of € 25.7 million in the item of other intangible assets (title rights) in the Magazines National segment. Disregarding this effect, the depreciation, amortization, and impairments were slightly higher in 2009, particularly due to purchase price allocation effects associated with the companies included in the consolidated financial statements for the first time in 2009.

The **other operating income/expenses** was negative, at € –634.5 million (PY: € –611.8 million). Aside from a large number of minor items, the other operating income/expenses for 2009 also contained income from the disposal of non-current assets (€ 9.1 million) and income from the Kirch insolvency (€ 7.6 million). At € 705.1 million, the other operating expenses were slightly higher, also due to consolidation effects, than the prior-year figure of € 697.3 million. The largest constituent items of other operating expenses were mailing and postage expenses and advertising expenses.

The **income from investments** in the amount of € 212.1 million was mainly composed of the profit on the sale of regional newspaper investments and impairment losses in non-current financial assets. The prior-year value of € 407.8 million had been composed primarily of the profit on the sale of shares in ProSiebenSat.1 Media AG and impairment losses in non-current financial assets. Adjusted for these non-recurring effects, the investment income amounted to € 21.7 million (PY: € 33.1 million).

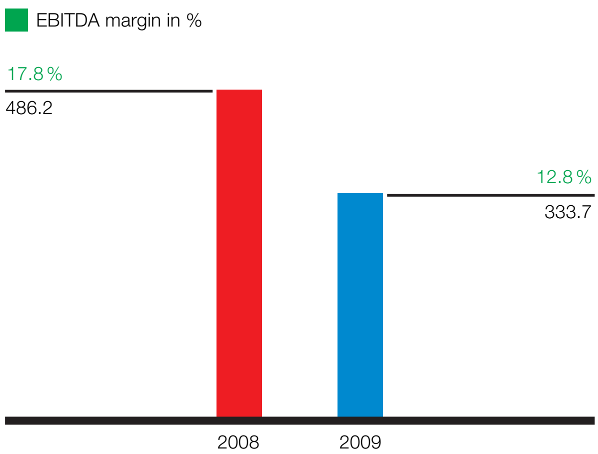
The **net financial income/expenses** improved markedly from € –61.5 million in 2008 to € –25.0 million in 2009. The most significant component was an income item of € 9.4 million (PY: expenses of € 27.8 million) from the fair value measurement of the call options for the purchase of shares in Axel Springer AG that had been granted by the shareholders H&F Rose Partners, L.P. and H&F International Rose Partners, L.P. Furthermore, we paid down financial liabilities and borrowed a smaller amount under the available credit facilities, on average, than in 2008 (see page 77).

The **income taxes** for 2009 amounted to € 83.8 million (PY: € 117.2 million). That corresponds to a tax rate of 21.1 % (PY: 17.0 %).

Earnings before interest, taxes, depreciation, and amortization (**EBITDA**) adjusted for non-recurring effects and effects from purchase price allocations, which is the central financial performance indicator used by Axel Springer, amounted to € 333.7 million in 2009. As expected, that was markedly less than the corresponding prior-year figure (PY: € 486.2 million). This figure included restructuring expenses of € 74.9 million (PY: € 29.2 million), as well as higher marketing expenses compared to the prior year.

EBITDA

in € millions



The **consolidated net income** amounted to € 313.8 million (PY: € 571.1 million). That corresponds to diluted earnings per share of € 10.19 (PY: € 18.54). Both figures contained significant non-operating effects. The figure for 2009 included the profit on the sale of regional newspaper investments (€ 214.4 million) and the figure for 2008 included the profit on the sale of shares in ProSiebenSat.1 Media AG (€ 438.3 million). Other non-operating factors were impairment losses in non-current financial assets (2009: € –20.5 million; PY: € –63.5 million), effects of purchase price allocations (2009: € –26.7 million; PY: € –46.5 million), income from the Kirch insolvency (2009: € 7.6 million; PY: € 6.2 million), the restatement of H&F options (2009: € 9.4 million; PY: € –27.8 million), and other effects (2009: € –13.5 million; PY: € –0.5 million). The taxes attributable to these effects amounted to € 9.5 million (PY: € –10.4 million). Adjusted for non-operating effects, the consolidated net income was € 152.6 million (PY: € 254.5 million). Based on the weighted average shares outstanding in 2009, adjusted diluted earnings per share declined from € 8.55 in 2008 to € 5.13 in 2009.

Business development and performance – Segments

Newspapers National

Axel Springer's newspapers performed well on the whole, considering the very difficult advertising and press distribution market. Despite the reduced marketing budgets of advertisers, the Group's newspapers managed to limit the declines in their operating business, with the exception of classified ads. Considering the tough market environment, the development of their circulation and reach numbers was relatively stable. Thus, Axel Springer reinforced its leading position in the German newspaper market.

Europe's biggest daily newspaper BILD impressively demonstrated its economic and journalistic strength amid the economic and financial crisis. With an average paid circulation of 3.2 million, BILD kept its reach on the high prior-year level of 11.6 million readers (all reach data according to ma 2010 Pressemedien I, unless otherwise indicated). BILD's operating performance was supported by the image campaign launched in March 2009, in which well-known figures from the worlds of politics, sports, culture, and entertainment express their uncensored opinions of BILD. According to our internal market research, the image campaign has boosted the brand image of BILD with regard to acceptance and likeability.

Mainly as a result of the successful clearance-oriented marketing campaigns of retail companies, BILD extended its leading position among print media in the advertising market. Furthermore, several major advertising customers were acquired on the basis of the performance-based remuneration system developed by Axel Springer Media Impact. BILD also posted gains on the distribution side, as the moderate circulation declines were more than made up by the positive effect of the copy price increase implemented in May 2008.

With an average paid circulation of 1.7 million copies, BILD am SONNTAG successfully defended its position as Germany's highest-reach weekly newspaper. Also in the case of BILD am SONNTAG, the circulation decline was offset by the positive effect of the copy price increase implemented in May 2008.

Circulation Newspapers National

Average paid circulation, IVW data	2009	Change yoy
BILD	3,179,796	–3.7 %
BILD am SONNTAG	1,655,212	–3.7 %
DIE WELT/WELT KOMPAKT	266,140	–3.3 %
WELT am SONNTAG	402,541	0.1 %
HAMBURGER ABENDBLATT	238,568	–4.3 %
BERLINER MORGENPOST	144,214	–2.0 %
B.Z./B.Z. am SONNTAG	188,835	–4.6 %

Our premium newspaper DIE WELT, along with the tabloid format WELT KOMPAKT, suffered only moderate circulation declines in 2009, while improving its reach among the most important target groups. According to Leseranalyse Entscheidungsträger (LAE 2009), DIE WELT and WELT KOMPAKT together reach 200 thousand decision-makers in business and government. Including WELT ONLINE and WELT am SONNTAG, the WELT Group had more readers than any other premium newspaper in Germany. According to Verbraucher-Analyse 2009-III, the cross-media net reach of the WELT Group was 2.4 million readers and users. By means of the innovation campaign launched in November 2009, WELT KOMPAKT is seeking to further enhance its appeal for young readers in German cities; to that end, the innovation campaign is being accompanied by a marketing campaign. In addition, WELT KOMPAKT is now available for subscription in even more regions of Germany.

Like B.Z. am SONNTAG, the newsstand newspaper B.Z. sustained circulation losses in 2009. Nonetheless, it successfully defended its strong market position in the Berlin-Brandenburg distribution area, with an average paid circulation of 188.8 thousand copies. Furthermore, it kept its reach stable and picked up a large number of new users with its completely overhauled news and city portal bz-berlin.de. Due to its lesser dependence on classified ads, its ad volume was more stable than that of other regionally oriented newspapers.

Having sustained a decrease of only 2.0 % in its average paid circulation, BERLINER MORGENPOST performed better than the field of competitors in the past year. Due to the high quality of its journalism, coupled with its regional expertise, for which it won numerous awards again in the current year, the newspaper's readers tend to be very loyal. In line with the general market trend of classified ads, BERLINER MORGENPOST experienced significant declines in its advertising business, particularly in its extensive section of classified ads for real estate, jobs, and travel offers. The situation was similar for HAMBURGER ABENDBLATT, which is being produced in one of Europe's most modern newsrooms; following the relocation in July 2009, the print and online editorial teams work directly together on a multimedia basis. Initiated in the third quarter of 2009, the cooperation between the newspapers BERLINER MORGENPOST and HAMBURGER ABENDBLATT and the online portal immonet.de has gotten off to a successful start: In the fourth quarter, already 15 % of real estate ads placed were ordered as part of a high-reach, cross-media combination.

Key Figures Newspapers National

in € millions	2009	2008	Change
External revenues	**1,213.7**	**1,277.6**	**–5.0 %**
Share in cons. revenues	46.5 %	46.8 %	
Circulation revenues	631.8	625.8	1.0 %
Advertising revenues	548.0	623.4	–12.1 %
Other revenues	33.9	28.3	19.6 %
EBITDA	**243.8**	**348.9**	**–30.1 %**
EBITDA margin	20.1 %	27.3 %	

At € 1,213.7 million, the revenues of the Newspapers National segment were only 5.0 % less than the corresponding figure for 2008 (PY: € 1,277.6 million). At € 631.8 million, the circulation revenues were 1.0 % higher than the prior-year figure (PY: € 625.8 million). This increase resulted mainly from the positive effects of the copy price increases implemented in 2008 for BILD, BILD am SONNTAG and B.Z., and from the copy price and subscription rate increases implemented in 2009 for the titles of the WELT

Group and the regional media HAMBURGER ABENDBLATT and BERLINER MORGENPOST. Adversely impacted as they were by the extreme restraint exhibited by advertising customers, the advertising revenues of € 548.0 million were 12.1 % less than the prior-year figure (PY: € 623.4 million). Regional newspapers, which are more dependent on classified ads, suffered an above-average decline; this market segment has been especially hard hit by the recession. On the other hand, BILD was among the winners with respect to advertising revenues, thanks to the success of clearance sale-oriented advertising formats in the current market environment: Its advertising revenues were nearly as high as the corresponding prior-year figure.

At € 243.8 million, EBITDA of the Newspapers National segment was substantially less than the prior-year figure of € 348.9 million, as expected. Lower advertising revenues were mainly responsible for this 30.1 % decrease. Another factor was represented by restructuring expenses in the amount of € 50.4 million (PY: € 18.7 million). At € 4.8 million, the income from investments was likewise substantially lower than the corresponding prior-year figure (PY: € 19.9 million), due to the non-recurrence of the net income contributions of the minority investments in regional newspapers sold. Another factor weighing on EBITDA was the higher expenses associated with the intensified marketing for BILD and WELT in the fourth quarter. Despite the higher level of charges, the EBITDA margin was 20.1 % in 2009 (PY: 27.3 %).

Magazines National

Overall, the circulation and reach numbers of our magazines exhibited a more stable development than those of competing titles, so that market shares were gained in nearly every major segment. Having suffered only a slight decrease in the number of copies sold, our magazines reached more readers than in the prior year. Thus, Axel Springer reinforced its market position as the third-biggest magazine publisher in Germany. On the other hand, our magazines were not unaffected by the substantial declines in the German market for general-interest magazines. Furthermore, the restraint exercised by advertising customers led to reduced ad sales in almost all categories. In response to the lower revenues, we implemented various efficiency enhancement measures, including the consolidation of editorial departments, in particular (see page 56).

Such measures have significantly improved the competitiveness of the Magazines National segment, an advantage that will come to bear in future years.

Circulation Magazines National

Average paid circulation, IVW data	2009	Change yoy
TV DIGITAL	1,760,054	–13.6 %
HÖRZU	1,431,060	–1.4 %
FUNK UHR	632,828	–6.5 %
BILDWOCHE	179,205	–10.2 %
TV NEU	128,987	–12.6 %
BILD der FRAU	1,017,192	–0.4 %
FRAU von HEUTE	194,683	–19.4 %
COMPUTER BILD	683,048	–5.3 %
COMPUTER BILD SPIELE	260,561	–6.9 %
AUDIO VIDEO FOTO BILD	169,080	–15.6 %
AUTO BILD	617,175	0.2 %
AUTO TESTS	217,663	0.6 %
AUTO BILD ALLRAD	64,134	–2.6 %
AUTO BILD SPORTSCARS	65,574	1.3 %
SPORT BILD	473,831	–1.5 %
EURO	152,362	–12.5 %
EURO am SONNTAG	98,888	–11.3 %
ROLLING STONE	56,378	5.9 %
MUSIKEXPRESS	53,558	5.0 %
METAL HAMMER	46,997	2.7 %

Axel Springer's **TV program guides and women's magazines** extended their respective market positions in the high-price segment. At 3.1 million readers, the reach of the biweekly TV DIGITAL was slightly higher than it was in the prior year; this gain was achieved in spite of the change of encryption system by the leading provider of German pay-TV at the end of 2008. TV DIGITAL is still the highest-circulation TV program guide in the high-price segment and the No. 1 for digital TV.

Having sustained a circulation decrease of only 1.4 %, HÖRZU, the No. 1 weekly TV program guide in Germany, fared much better than other competing high-price titles. Notwithstanding a slight decrease in its reach, HÖRZU still reaches more readers than any other weekly TV program guide in Germany. The stable development was aided by the supplement HÖRZU DIGITAL, which contains the program listings of 58 digital broadcasters. Furthermore, the recently launched knowledge magazine HÖRZU WISSEN performed very well from the outset.

Having sustained only a bare decrease of 0.4 %, the paid circulation of BILD der FRAU remained above the level of 1 million copies, which was a remarkable success considering the tough predatory competition that still characterizes the women's media segment. Thus, BILD der FRAU further extended its lead over the competition. Also with respect to reach, BILD der FRAU successfully defended its unchallenged market leadership position: according to ma 2010 Pressemedien I, it reached 5.8 million female readers, almost as many as in the prior year. FRAU von HEUTE benefited from the editorial team integration with BILD der FRAU and especially from the new content and graphic concept developed there. Though much lower than the prior-year figure, the paid circulation managed to recover during the course of the year.

For the year as a whole, the performance of Axel Springer's **computer, automotive, and sports magazines** was mixed. While the big automotive magazines actually managed to increase their average paid circulation slightly, the circulation numbers of the sports magazines did not quite match the respective prior-year levels; within this group, computer magazines experienced the worst declines.

Despite its lower circulation, COMPUTER BILD maintained its leading market position by a wide margin. COMPUTER BILD SPIELE and the completely overhauled AUDIO VIDEO FOTO BILD likewise held on to No. 1 positions in their respective specialty segments.

Axel Springer's automotive magazines performed relatively well and actually achieved a slight circulation increase, counter to the market trend. AUTO BILD, which is Germany's most-popular and best-known automotive magazine according to a study conducted by TNS Emnid, achieved a 0.2 % increase in its circulation. Readers responded well to the expanded length of the magazine, which has included eight more pages for a slightly higher copy price since March 2009, and to the new supplement AUTO BILD MOTORSPORT. With an average paid circulation of 617.2 thousand copies, AUTO BILD increased its circulation market share to 57.7 % and so reaffirmed its status as Europe's biggest automotive magazine, with a wide lead over the second-biggest competitor. Produced in cooperation with autobild.tv and timed to coincide with the International Automobile Show in September, the multimedia edition of AUTO BILD generated especially high circulation numbers and ad volumes, as did the reporting on the subject of the "The Golden Steering Wheel" Award in November 2009, which was awarded in cooperation with BILD am SONNTAG and with sister titles from 25 countries of Europe for the first time.

AUTO TEST, the buyer's guide published by AUTO BILD and Germany's leading monthly automotive magazine, increased its circulation and market share, as did AUTO BILD SPORTSCARS, the monthly magazine for lifestyle and sports cars. AUTO BILD ALLRAD, Europe's biggest magazine devoted to all-wheel drive vehicles, managed to extend its market leadership position despite its slightly lower circulation. In response to strong reader interest, AUTO BILD KLASSIK, our specialty title for classic cars both young and old, will appear on a bimonthly basis, instead of four times a year, starting in 2010.

After suffering significant declines in the first six months of 2009, SPORT BILD stabilized its circulation numbers in the second half of the year by means of a new special edition concept. For example, the popular special editions published in conjunction with the start of the national soccer league and the Champions League generated strong sales. At 473.8 thousand, the full-year average paid circulation of Europe's biggest sports magazine was 1.5 % less than the corresponding prior-year figure.

As a result of the negative developments in the financial and capital markets, the operating environment for Axel Springer's **business publications** was especially difficult. The monthly magazine EURO and the weekly business and finance newspaper EURO am SONNTAG each sustained circulation losses of more than 10 %, while competing titles suffered similar declines.

The advertising revenues of our finance and stock market portals were held down by the strained condition of the capital markets. Axel Springer Financial Media responded immediately to the shortfall by making structural adjustments designed to lower costs. Among the measures taken, an agreement was reached with employees of the print titles to accept shortened work hours for a period of four months.

Axel Springer's music magazines all performed well in 2009. ROLLING STONE, MUSIKEXPRESS, and METAL HAMMER each sold more copies than in the prior year. The relocation of ROLLING STONE's editorial staff to Berlin and their proximity to the WELT Group provided fresh editorial impetus. Pleased by the magazine's exclusive supplements, among other things, ROLLING STONE's readers rewarded the publication with a 5.9 % circulation increase.

Key Figures Magazines National

in € millions	2009	2008	Change
External revenues	**517.8**	**564.1**	**−8.2 %**
Share in cons. revenues	19.8 %	20.7 %	
Circulation revenues	358.8	373.6	−4.0 %
Advertising revenues	140.2	176.0	−20.3 %
Other revenues	18.8	14.5	29.5 %
EBITDA	**55.0**	**88.8**	**−38.1 %**
EBITDA margin	10.6 %	15.7 %	

At € 517.8 million, the total revenues of the Magazines National segment were 8.2 % less than the corresponding prior-year figure (€ 564.1 million). The circulation revenues of € 358.8 million were 4.0 % less than the prior-year figure (PY: € 373.6 million). Adjusted for deconsolidation effects in connection with the sale of Jolie and the youth magazines Mädchen and Popcorn, and for the non-recurring effect associated with the discontinuation of Yam!, the decrease amounted to 2.4 %. The declines in TV program guides and computer magazines were partially made up by higher revenues in the automotive and sports media, which resulted in part from copy price increases. At € 140.2 million, the advertising revenues were 20.3 % less than the prior-year figure (PY: € 176.0 million). Axel Springer's business publications suffered the worst percentage drop, with their ad business revenues for 2009 being only about half the corresponding figure for 2008. But the Group's computer and sports magazines also sustained above-average decreases, while the TV program guides and women's media fared somewhat better.

A large part of the € 46.3 million decrease in revenues was offset by the practice of strict cost management. Another key factor was represented by the focused efficiency enhancement measures, which led to higher restructuring expenses in the amount of € 16.9 million (PY: € 5.3 million). At € 55.0 million, segment EBITDA was 38.1 % less than the prior-year figure (PY: € 88.8 million). The EBITDA margin came to 10.6 % (PY: 15.7 %).

Print International

For the most part, Axel Springer's international print titles had to contend with very difficult conditions in the press distribution and advertising markets of the European countries in which they operate. The extreme restraint exhibited by advertising customers, especially in central and eastern Europe and in Spain, was reflected in the sharply lower advertising revenues. Axel Springer's print titles were likewise affected by these declines, which were exacerbated by negative foreign exchange effects, and responded with comprehensive cost reduction measures.

Circulation Poland (Selection)

Average paid circulation, ZKDP data	2009	Change yoy
FAKT	466,563	–5.8 %
NEWSWEEK[1)]	112,020	–8.9 %
DZIENNIK GAZETA PRAWNA[2)]	107,760	-

[1)] Source: ZKDP, January to November 2009 vs. January to November 2008.
[2)] Source: ZKDP, September to December 2009. Joint Venture with Infor Biznes.

The advertising market in **Poland** felt the full force of the economic crisis in 2009; circulation numbers were also lower, both in newsstand sales and subscriptions. The Polish daily newspapers were particularly hard hit by these trends. Our premium newspaper DZIENNIK sustained substantial declines in the first half of 2009, before launching the new DZIENNIK GAZETA PRAWNA, published by the joint venture Infor Biznes, in September. Thanks to the strong emphasis placed on commentary, analysis, and expert opinions, this new title instantly achieved an average circulation of 107.8 thousand copies (September through December 2009), making it the third-biggest opinion-leading newspaper in Poland (all data on the Polish market according to ZKPD). The newsstand newspaper FAKT kept its market share, measured by paid circulation, above the level of 30 %, and so it remained the biggest daily newspaper in Poland.

The Polish computer, automotive, and sports magazines of Axel Springer also maintained their circulation market shares on roughly the level of the prior year. Despite deep circulation losses, KOMPUTER ŚWIAT (the Polish edition of COMPUTER BILD) successfully defended its position as Poland's highest-reach computer magazine. With an average paid circulation of 106.7 thousand (– 3.8 %), AUTO ŚWIAT (the Polish counterpart of AUTO BILD) continued to be the best-selling weekly automotive magazine in Poland. Launched in March 2009, the licensed edition of AUTO BILD ALLRAD quickly brought its average paid circulation to 23.3 thousand copies. Our sports newspaper PRZEGLAD SPORTOWY stabilized its circulation at 57.6 thousand and generated the best performance of all Polish daily newspapers with regard to advertising pages. The licensed edition of FORBES was one of the few newspapers in Poland to increase its circulation in 2009. With an average paid circulation of 45.3 thousand, FORBES is the biggest business magazine in the Polish market.

Circulation Switzerland (Selection)

Average paid circulation, WEMF data	2009	Change yoy
BEOBACHTER	308,527	–0.5 %
TELE	144,214	–0.3 %
HANDELSZEITUNG	43,940	–2.8 %

The advertising market in **Switzerland** was likewise dampened by the economic crisis, but the associated declines were not as severe as in neighboring countries of Europe. Amid this comparatively stable environment, Axel Springer continued to chart a successful course. Although advertising revenues for the full year 2009 were not quite as high as the corresponding figure for 2008, they recovered somewhat in the fourth quarter, at least for the Group's business media.

Switzerland's biggest general-interest magazine, the bi-weekly BEOBACHTER, reached a total of 933.0 thousand readers, 2.5 % more than in the first half of 2009 (MACH-Basic 2009-2). At 308.5 thousand copies, the circulation according to WEMF was only 0.5 % less than the corresponding prior-year figure. Numerous new readers were attracted to this magazine as a result of its revised content and optics, so that circulation losses were limited. Thanks to the introduction of BEOBACHTER NATUR, moreover, advertising revenues were stable, in contrast to the market trend. Furthermore, the consumer advice magazine generated revenues from marketing finance and insurance products in excess of the prior-year figure. Most notably, more than one-quarter of the magazine's subscribers purchased the insurance product known as "Beobachter Assistance." Due to strong interest on the part of readers and advertisers, the new specialty title BEOBACHTER NATUR launched in 2009, which is printed by means of a climate-neutral process, will now be published ten times a year, instead of four times a year, starting in 2010. It is also available by subscription.

With its TV program guides TELE, TV STAR, TV2, and TV4, Axel Springer Schweiz is the undisputed market leader in this segment as well. Although circulation numbers were slightly lower overall, the leading Swiss illustrated TV program guide TELE maintained its paid circulation on the prior-year level. As for business titles, both BILANZ and HANDELSZEITUNG reach by far the highest number of decision-making executives in Switzerland, according to MA-Leader 2009.

Circulation Hungary (Selection)

Average paid circulation, MATESZ data	2009	Change yoy
KISKEGYED	198,260	−2.1 %
TVR-HÉT	182,783	−14.3 %
GLAMOUR	56,998	−0.4 %

The print media market was especially weak in **Hungary**. Due to the extreme purchasing restraint exhibited by consumers, the advertising market was particularly hard hit. As the biggest publishing house in Hungary, Axel Springer was naturally affected by these trends. The regional advertising business in particular was significantly weaker, while the decreases were less pronounced in the nationwide reach marketing and circulation market.

Axel Springer continues to hold an outstanding market position in the segment of women's media. KISKEGYED, the highest-reach traditional women's magazine in Hungary, held its circulation at 198.3 thousand copies, for a decrease of only 2.1 % (all reach data according to Szonda Ipsos/GFKHungária and circulation data according to MATESZ). Aside from the positive effect of a new graphic concept, the advertising campaign launched in September 2009 generated a significant boost in newsstand sales. The pocket-format style guide magazine GLAMOUR also sustained below-average circulation declines. Despite a 14.3 % decrease in its circulation, TVR-HÉT is still one of Hungary's two biggest TV program guides. Axel Springer's total circulation market share in the segment of TV program guides was more than 65.8 % in 2009. Thanks to copy price increases, the regional newspapers managed to make up a large portion of the decline in their circulation revenues.

Circulation France (Selection)

Average paid circulation, company data	2009	Change yoy
TELE MAGAZINE	350,685	−2.7 %
VIE PRATIQUE GOURMAND	198,805	7.7 %
AUTO PLUS[1]	296,059	−5.5 %

[1] EMAS: Joint Venture with Mondadori.

In **France**, Axel Springer publishes ten magazines in the segments of TV program guides, women's magazines and automotive magazines. Thanks to this specialization, Axel Springer France continued on a course of growth in the circulation market, in spite of the difficult market environment. The biweekly food magazine VIE PRATIQUE GOURMAND increased its readership by 21.0 % (July 2008 to June 2009) to surpass the level of 1 million. The weekly TV program guide TELE MAGAZINE likewise reached more than 1 million readers. Axel Springer also expanded its portfolio of automotive magazines. The joint venture Editions Mondadori Axel Springer (EMAS) S.E.N.C., in which Axel Springer France holds a 50 % interest, introduced the new title AUTO PLUS OCCASIONS in January 2009. Specializing in content related to the used car market, this new magazine complements the editorial content of the market leader AUTO PLUS, the French version of AUTO BILD. In October, the joint venture acquired the biweekly AUTO JOURNAL and the monthly SPORT AUTO, thereby bolstering its position as the leading publisher of automotive media in France.

Circulation Spain (Selection)

Average paid circulation, OJD data	2009[1]	Change yoy
COMPUTER HOY	75,888	–17.1 %
HOBBY CONSOLAS	67,065	–14.4 %
PERSONAL COMPUTER	62,751	–18.1 %

[1] Source: OJD, April 2008 to March 2009 vs. April 2007 to March 2008.

In **Spain**, Axel Springer's publications were hard hit by the significantly worsened operating environment for media companies. The Group's magazines suffered significant circulation losses and their circulation revenues for the full year were not even close to the corresponding prior-year figures, despite a moderate stabilization in the second half of 2009. Nonetheless, Axel Springer España successfully defended its leading market position in the segments of computer magazines and weekly automotive magazines. COMPUTER HOY, the Spanish version of COMPUTER BILD, held on to its position as the highest-circulation PC magazine in the Spanish market. Furthermore, Axel Springer's computer and video game magazines still have the highest overall circulation in Spain. As part of a portfolio adjustment, publication of the gaming magazine Computer Hoy Juegos and the computer magazine PC Today was discontinued at the end of 2009. AUTO BILD ESPAÑA solidified its leading market position in the segment of weekly automotive magazines. AUTO BILD CLASSIC and AUTO BILD SPORTSCARS, launched in the first quarter of 2009, likewise achieved top positions in their respective specialty markets.

Circulation Russia (Selection)

Average paid circulation, company data	2009	Change yoy
FORBES	78,678	–9.2 %
COMPUTER BILD	73,191	–1.7 %
NEWSWEEK	33,399	–4.7 %

In **Russia**, the circulation and reach of our magazines showed a very positive development on the whole, despite the extremely difficult market environment. Notwithstanding minor circulation losses, COMPUTER BILD increased its reach (TNS Media, NRS). FORBES, too, was able to reach significantly more readers, despite its lower circulation numbers, and is now the most-quoted business magazine in Russia. In the period from May to October 2009, FORBES reached an average of 820 thousand readers, about 15 % more than in the prior year. The new supplement FORBES WOMAN, which appeared for the first time in September 2009 and will be published four times a year in the future, sold a very high volume of ads from the outset. NEWSWEEK's paid circulation was only 4.7 % less than the prior-year figure. Starting in the second quarter of 2009, the lifestyle magazine OK! has been published with 16 additional pages of content; its average paid circulation declined by 6 %, in the fourth quarter.

Circulation Czech Republic (Selection)

Average paid circulation, ABC data	2009	Change yoy
SVET MOTORU	32,806	–4.3 %
TOP DIVKY	31,507	–13.7 %
AUTO TIP	22,686	–3.3 %

The circulation and ad volumes of the magazines published by Axel Springer in the **Czech Republic** decreased in line with the market trend. With its titles SVET MOTORU and AUTO TIP, we were still the biggest publisher of automotive magazines. Launched in November 2008, the specialty title for all-wheel drive vehicles AUTO TIP 4x4 was successfully established in the market in 2009. As part of a portfolio adjustment, we gave up the licensed edition of Playboy.

Key Figures Print International

in € millions	2009	2008	Change
External revenues	**311.7**	**409.8**	**–23.9 %**
Share in cons. revenues	11.9 %	15.0 %	
Circulation revenues	185.7	216.4	–14.2 %
Advertising revenues	113.5	177.4	–36.0 %
Other revenues	12.5	16.0	–21.8 %
EBITDA	**12.3**	**27.8**	**–55.8 %**
EBITDA margin	3.9 %	6.8 %	

The Print International segment felt the brunt of the economic consequences of the economic and financial crisis. At € 311.7 million, total revenues were 23.9 % less than the corresponding prior-year figure (PY: € 409.8 million), due to market conditions and exchange rate factors. Assuming constant exchange rates, the decline from the previous year was 16.3 %. The drop in revenues was most pronounced in Poland, our most important international market. The revenues generated in the markets of Hungary, Russia, and Spain were also lower, while those generated in France and Switzerland were nearly as high as the respective prior-year figures. At € 185.7 million, the circulation revenues were 14.2 % less than the corresponding figure for 2008; adjusted for exchange rate effects, the decline was 6.3 %. At € 113.5 million, the advertising revenues were 36.0 % less than the corresponding prior-year figure (PY: € 177.4 million). This substantial decline was a reflection of the extreme restraint exhibited by advertising customers, particularly in the Group's European markets besides Germany, due to the extraordinarily tough economic conditions in those markets. Assuming constant exchange rates, the decline was only 29.3 %.

Despite the substantially lower revenues, the segment EBITDA was positive, at € 12.3 million (PY: € 27.8 million). Thus, most of the revenue decreases were offset by strict cost management in the national subsidiaries. Cost savings were achieved in nearly all functional departments. Another positive factor impacting EBITDA was the deconsolidation of DZIENNIK. Furthermore, the expenses of the Print International segment was favorably influenced by foreign exchange effects. The EBITDA margin was 3.9 % (PY: 6.8 %).

Digital Media

Axel Springer's digital media generated strong growth amidst the financial and economic crisis, thereby offsetting a portion of the revenue declines experienced by the Group's print media. Substantial revenue growth was registered especially by the Group's marketplaces (including idealo.de and immonet.de) and by its marketing activities (including zanox). The Group's content portals also continued on a course of growth, increasing both their reach and user numbers. All together, Axel Springer's online brands reached a gross total of 28.7 million users (unique visitors) in 2009, 43.4 % more than the prior-year figure (unique visitors mainly according to comScore and visits according to IVW, unless otherwise indicated).

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

in thousands	Unique Visitors 2009[1]	Change yoy	Visits 2009[2]	Change yoy
Bild.de	5,821.2	63.2 %	99,682.0	58.4 %
computerbild.de	3,407.8	> 100 %	15,338.9	71.7 %
welt.de	3,300.6	6.2 %	22,093.5	12.0 %
goFeminin.de	2,987.1	54.6 %	8,946.1	54.2 %
transfermarkt.de	1,424.8	41.9 %	16,562.1	52.5 %
abendblatt.de	949.1	29.0 %	5,242.8	39.4 %
onmeda.de	905.2	94.3 %	2,574.5	57.6 %
autobild.de	794.5	20.5 %	5,064.6	16.5 %
morgenpost.de	659.6	39.2 %	2,929.8	28.9 %
hamburg.de	503.9	–3.1 %	2,396.8	10.4 %
finanzen.net	383.5	> 100 %	7,328.2	81.3 %
sportbild.de[3]	301.2	20.3 %	3,254.6	30.5 %
bz-berlin.de	253.5	> 100 %	1,209.9	81.0 %
bildderfrau.de[3]	162.1	> 100 %	477.8	25.9 %

[1] Source: comScore.
[2] Source: IVW.
[3] Visits: Company data for Q1/2008, IVW-data as of Q2/2008.

Content portals

The online and mobile portals of the BILD family were extraordinarily successful in 2009. Thanks to their significantly upgraded and intensively linked information and entertainment offerings, they reached significantly more online users than in the prior year. Furthermore, BILD's paid premium applications rose to the top of the German market from the time they were introduced. Having increased its unique visitors by 63.2 % to 5.8 million, Bild.de took the top rank among online portals of German print media for the first time, while also expanding its position as Germany's biggest news and entertainment portal.

An important growth factor was the expansion of the web-TV offering. In cooperation with the pay-TV broadcaster Sky, Bild.de presented videos of all German soccer league matches on its sports websites right after the weekend. These videos were widely viewed, as was the movie channel launched in the fourth quarter. Bild.de attracted additional users also by way of the regional portals set up in the first quarter, the total number of which rose from three to twelve. The cooperation with the local editorial departments of the print issues worked perfectly and was further intensified during the course of the year. The linkage with social networks like Facebook and Twitter further supported the growth in the reach of Bild.de. In only the first week after being introduced in December 2009, the BILD iPhone app rose to the top spot in the iTunes Store; at the start of 2010, the BILD app and the WELT app together had generated more than 100 thousand paid downloads.

The mobile portal BILDmobil demonstrated accelerating growth during the course of the year. The number of visits rose from 2.7 million visits in the first quarter of 2009 to 6.4 million in the fourth quarter. The average number of visits for the full year 2009 was nearly three times the corresponding figure for 2008. This success can be credited in part to the expanded editorial content (in cooperation with wallstreet:online and immonet.de, among others) and also in part to the attractive billing rate, which convinced more and more mobile phone users to sign up; a net total of about 160 thousand customers were acquired in 2009. The BILDmobil Speedstick, introduced in October, helped make this success possible. With this pay-for-service UMTS stick, users can surf the web on their mobile phones at an affordable cost.

The news portal WELT ONLINE extended its position as the most-visited online site of all German premium newspapers, having generated a 6.2 % increase in unique visitors and a 12.0 % increase in visits. WELT ONLINE continued to hold the third rank among news portals in terms of unique visitors. The portal attracted new users by introducing four highly frequented blogs and by means of networking with Facebook, Twitter, and XING, among other steps. Two new paid-content services, the WELT LAGE newsletter and the WELT am SONNTAG e-mag, were successfully launched in the fourth quarter. The WELT app, which was introduced concurrently with the BILD app in December 2009, likewise instantly rose to a top-selling spot in the iTunes Store.

The content portals of our two regional newspapers BERLINER MORGENPOST and HAMBURGER ABENDBLATT were placed under joint management in October 2009. As a result, their business models can be further developed under one roof. On its website and mobile portal, MORGENPOST ONLINE expanded its offering of information and navigation features related to life in the capital city of Berlin and boosted the number of unique visitors by 39.2 %. Having been completely redesigned in terms of technology, structure, and editorial content in the first half of 2009, abendblatt.de also experienced substantial 29.0 % growth in its unique visitors and is now one of the ten most-visited news portals in Germany. The news and city portal of B.Z., which was completely overhauled already in January 2009, continuously increased its user numbers during the course of the year, nearly doubling them by the end of 2009. Having been launched at the end of October 2009, the innovative B.Z. app for the iPhone was very well received by users, as demonstrated by the strong sales performance.

Nearly all the portals of Axel Springer's German magazines increased their user figures over the prior year.

The portal computerbild.de more than doubled (+ 104.6 %) its unique visitors over the prior year and reinforced its position as the second-biggest technology portal for computers, telecommunications, and consumer electronics. Key factors contributing to this growth were the intensified cooperation with Bild.de in the area of online games and downloads and the price comparisons offered in cooperation with idealo.de.

The portal autobild.de extended its market leadership position in the segment of German automotive portals with editorial content. The number of unique visitors rose by 20.5 % and the number of visits by 16.5 % to 5.1 million. This growth was supported by the portal's own premium channel on YouTube, which was introduced in May 2009. The cooperation with the multi-brand new car portal autohaus24.de and the car drivers' community carmondo.de got off to a good start in the third quarter. Through Axel Springer Auto Verlag, autobild.de purchased a 19.9 % equity interest in the operator of both these sites, autohaus24 GmbH; this investment can be increased to 50 % by the year 2012. As a result of this cooperation, autobild.de holds an interest in this attractive distribution channel for new cars and can reach more users with its editorial content.

Axel Springer's online sports portals also generated growth in 2009. Most notable was the success of the soccer portal transfermarkt.de, which increased its visits by 52.5 % to 16.6 million and expanded its market share. The sports editorial team of Bild.de assumed responsibility for the content on sportbild.de in November 2009. This portal was used by an average of 301.2 thousand unique visitors per month, about one-fifth more than in the prior year. sportbild.de also increased its visits, thanks in large part to the expanded web-TV offering and the paid service known as "National League Manager." Taken together, Axel Springer's sports-related online sites occupy the top position in the German market.

Again in 2009, gamigo.de was one of the fastest-growing providers of online games (or more precisely, massively multiplayer online games) in Europe. The portfolio was expanded to more than ten games in seven languages through the introduction of new language versions and the acquisition of additional Europe-wide game licenses; gamigo.de received more than 2.8 million new registrations during the course of 2009.

Europe's biggest online portal for women, auFeminin.com, reached an average of 26.7 million unique visitors per month last year (comScore), indicative of a 52.1 % increase over 2008. The German subsidiary goFeminin.de logged 54.2 % more visits in 2009 than in 2008, thanks in part to the intensive linkage with the equally fast-growing health portal onmeda.de. The content was upgraded further with new features such as the cosmetics product finder MyBeautyCase.de, which was introduced in the second quarter. Since the beginning of 2010, moreover, goFeminin.de has also been responsible for operating and marketing bildderfrau.de; by this means, we can take advantage of synergies in marketing, technology, and editorial production. Cooperation was also intensified on the technology side: Since the beginning of July, for example, Axel Springer Media Impact has been using Smart AdServer technology for marketing its online portfolio.

Despite the weak market environment, the premium portals finanzen.net and wallstreet:online managed to substantially increase their unique visitors and visits, thanks in part to expanded cooperation with the print titles EURO and EURO am SONNTAG. For the full year 2009, wallstreet:online increased its unique visitors by 73.0 %, while finanzen.net generated enough growth to become the highest-reach finance platform in Germany. Due to the improved reach, Axel Springer Financial Media further extended its position as the biggest marketer of online advertising in the financial market.

SmarthouseMedia, one of the world's leading providers of Web-based financial applications for online brokers, financial service providers, and mutual fund companies, besides being the operator of finanzen.net, acquired attractive customers again in 2009.

Axel Springer content portals also generated strong growth in the other markets of Europe in 2009; nearly all of them increased their unique visitors and visits significantly over the prior-year comparison values.

In Poland, the online portfolio was expanded to 30 websites through the launch of new offerings. Especially important was the launch of the Polish portal of the online jobs exchange StepStone, which by the end of

2009 was already reaching 676 thousand users (unique visitors for Poland according to Gemius Traffic). The automotive portals roadlook.pl and autofun.pl that had been acquired in the summer and the newly launched website autoporadnik.pl built up a large base of users within a very short time. In the fourth quarter of 2009, the average monthly number of unique visitors to all our automotive portals was 1.1 million. The centerpiece of our campaign to expand the Group's Polish women's and lifestyle portals was the introduction of oFeminin.pl in December 2009. Together with the already well established portals koktajl24 and w-spodnicy.pl, the Polish edition of auFeminin reached more 1.4 million unique visitors per month in December. In the men's segment, two new sports portals went online.

Also in Switzerland, Axel Springer's digital media performed predominantly well. Following a complete overhaul of content and graphics, the website beobachter.ch more than doubled its user numbers, according to WEMF. The redesigned online site of the investor magazine STOCKS reached an average of about 75.0 thousand unique visitors per month in 2009. The electronic program guide tele.ch launched in the second quarter also met with a positive reception. Following the addition of a new gaming platform playbay.ch, the portfolio of the Amiado Group, an entity of the Group operating in the digital markets, reached an annual average of 33.4 % of persons aged 16 to 34, according to internal surveys.

In Hungary, Axel Springer's six online portals for female Internet users increased their unique visitors by nearly 50 %, according to webaudit. As the current No. 2 in the market, Axel Springer is close on the heels of the market leader for online women's media.

The Group's content portals were successful in other international markets as well. For example, one of the paid iPhone apps of VIE PRATIQUE GOURMAND held the status of best newcomer, at times, among the ten-leading paid applications in France. In the Russian market, we launched the website forbes.ru, which is produced by an integrated print/online editorial team. It reached 1.5 million unique visitors (AT Internet) already at the end of 2009. In Spain, the new portal autobild.es added to our extensive line-up of automotive sites. In the Czech Republic, auto.cz successfully asserted its position as that country's leading automotive portal. In China, the online portal of the Chinese licensed edition of AUTO BILD already reached about 1.0 million unique visitors in 2009 (own data, based on Google Analytics).

Marketplaces

Axel Springer's online classified ad exchanges and marketplaces generated strong growth in both revenues and results, and therefore made an important contribution to the success of the Digital Media segment in 2009.

Acquired by Axel Springer in 2009, StepStone ASA continues to be one of the leading operators of online job exchanges, with around 35 jobs portals throughout Europe. It is also a worldwide provider of talent management software. With 1.1 million unique visitors (indicative of a 11.3 % increase over the prior year), the overhauled German portal stepstone.de was the highest-reach website of all German job exchanges for the first time. At the end of 2009, almost 30 thousand job offers were posted in Germany via this platform; furthermore, more than 1.0 million (PY: 0.7 million) registered users signed up to have the StepStone JobAgent automatically send them the latest job offers by e-mail.

In the segment of classified ad markets, immonet.de held its property listings steady at 950 thousand properties amid a tough market environment, and so defended its second-place ranking among German real estate sites. The mobile portal launched in May was instrumental in that success, as was the highly regarded marketing campaign of our online real estate specialist (see page 60). In addition, Axel Springer's leading position in cross-media real estate marketing received an additional boost by means of the cooperation with BERLINER MORGENPOST and HAMBURGER ABENDBLATT, which was initiated in 2009. Since August of 2009, real estate offerings have been centrally marketed and closely interlinked under an integrated brand concept.

The portal idealo.de, one of Germany's leading search engines for price and product comparisons, increased the number of brokered retailer queries by 20.7 % over the prior year. This growth was aided in particular by the introduction of new product categories. In the European markets outside of Germany, Axel Springer further expanded its activities by launching a travel price comparison service in Portugal and Poland, among other steps. Since August 2009, users can also find the lowest natural gas rates available to them on idealo.de. In addition, idealo.de expanded the search options to include products that are not contained in idealo's extensive open database, which led to a significant further expansion in the available product range.

Marketing

zanox charted a successful course in 2009. All together, more than 2,000 advertising customers utilized a network of more than 1 million partner websites (affiliates) in 2009. As a result of the attractive, performance-based model, zanox's business model was unaffected by the worldwide slump in advertising markets; zanox's revenues were substantially higher than the prior-year figure. Advertisers made intensive use of the zanox Web Services introduced in the first quarter, as well as the applications and tools developed for that purpose, to access the partner network even more efficiently. The exclusive service program for successful publishers supported the monetarization of the network. In the fourth quarter, zanox expanded its offerings by adding the new program, "Partners Recruit Partners."

Digital Window, in which Axel Springer acquired a majority interest in 2009, further extended its market position as the second-biggest affiliate network in Great Britain by acquiring prestigious customers in the fourth quarter. The company also enhanced communications in the partner network by means of technological innovations and the newly launched publisher-advertiser interface "Darwin."

TV/radio activities

Schwartzkopff TV expanded its business especially in the area of docutainment, confirming its market position as one of the leading producers of entertainment and talk-show formats. The exclusive partnership with the Sparks Network, an international federation of 19 leading, independent TV production companies, improves the company's access to internationally successful formats and licenses for the German market. The local TV and radio stations in which Axel Springer holds investments had to contend with a difficult market environment; due in particular to the shrinking advertising market, their business performance was below the level of the prior year.

Key Figures Digital Media

in € millions	2009	2008	Change
External revenues	**470.4**	**378.2**	**24.4 %**
Share in cons. revenues	18.0 %	13.9 %	
Advertising revenues	336.7	271.2	24.1 %
Other revenues	133.7	107.0	25.0 %
EBITDA	**43.2**	**20.9**	**> 100 %**
EBITDA margin	9.2 %	5.5 %	

Partially as a result of the first-time consolidation of the companies acquired in 2009, the total revenues of the Digital Media segment amounted to € 470.4 million, indicative of a 24.4 % increase over the prior year (PY: € 378.2 million). Adjusted for consolidation effects such as the acquisitions of StepStone and Digital Window in 2009, and gamigo in 2008, total revenues were 9.1 % higher than the corresponding prior-year figure. The online properties zanox, idealo, and auFeminin were major contributors to the organic growth generated in 2009. The pro-forma revenues of the Digital Media segment came to € 569.0 million (PY: € 543.5 million), bringing their share of total pro-forma revenues to 21.0 % (PY: 18.8 %).

At € 336.7 million, the advertising revenues of the Digital Media segment were 24.1 % higher than the corresponding prior-year figure of € 271.2 million. This increase was largely influenced by gains at zanox, immonet, and idealo, in addition to consolidation effects. At € 133.7 million, the other revenues were 25.0 % higher than the corresponding prior-year figure (PY: € 107.0 million), largely due to consolidation effects.

At € 43.2 million, segment EBITDA was more than twice as high as the prior-year figure (PY: € 20.9 million). Much of this increase resulted from earnings improvements at immonet, idealo, and Bild.de. Furthermore, the comparison figure from 2008 included charges related to foreign exchange effects and start-up costs for new businesses at Doğan TV.

Services/Holding

The Services/Holding segment comprises the three Group-owned newspaper printing plants, the income or expenses from the investment in the rotogravure printing company PRINOVIS, the internal departments of Distribution and Logistics, and the service and holding company functions.

Due to the economic crisis, our printing plants operated with lower paper throughputs and generated lower revenues from job printing. Most of this decline was offset by cost savings. PRINOVIS was adversely affected by surplus capacities and strong price pressures in the rotogravure printing market.

Key Figures Services/Holding

in € millions	2009	2008	Change
External revenues	**98.1**	**99.0**	**–0.9 %**
Share in cons. revenues	3.8 %	3.6 %	
EBITDA[1]	**–20.5**	**–0.2**	**-**

[1] This figure contains investment income of € 4.1 millions (PY: € 2.7 millions).

At € 98.1 million, the external revenues of the Services/Holding segment were close to the prior-year level (PY: € 99.0 million). Lower revenues from offset printing were offset by higher revenue contributions from the service divisions.

At € –20.5 million (PY: € –0.2 million), EBITDA was negative, as expected, a continuation of a trend that has lasted for many years. The change from the prior year can be attributed to the non-recurrence of positive effects related to transactions and provisions for litigation expenses. Other factors affecting the segment EBITDA in 2009 were the non-recurring expenses associated with the bonus share and employee share ownership program, higher contributions to the pension insurance fund, and tax effects from prior years. A positive effect on segment EBITDA compared to the prior year resulted from by the improved investment expenses of PRINOVIS even though affected by the economical crises. The prior-year figure, had included restructuring expenses for the closure of the printing plant in Darmstadt. As in the prior year, the segment EBITDA for 2009 also included income from the Kirch insolvency (2009: € 7.6 million, 2008: € 6.2 million).

Financial situation and balance sheet

Financial situation

Financial management

As a rule, Axel Springer AG provides all financing for the Axel Springer Group. This arrangement ensures that the Group companies have sufficient liquidity at all times. The overriding goal of financial management is to provide cost-effective liquidity by means of structurally appropriate financing. Liquid assets are invested with the aim of earning an appropriate return. The Axel Springer Group does not engage in off-balance sheet financing measures.

Net liquidity

in € millions	2009	2008
Cash and cash equivalents	197.3	154.5
Financial liabilities	390.3	524.0
Net liquidity	**– 193.0**	**– 369.5**

As of December 31, 2009, Axel Springer had a net debt of € 193.0 million (PY: € 369.5 million). The cash and cash equivalents increased by € 42.8 million, while the financial liabilities decreased by € 133.7 million, mainly due to the cash flows generated in operating activities and the receipt of the purchase prices from the sale of the regional newspaper investments. At the balance sheet date, Axel Springer had access to short-term and long-term credit facilities in the amount of € 1,220.0 million (PY: € 1,095.0 million), which were not utilized. The credit facilities can be used both for general business purposes and for the financing of acquisitions.

Cash flow development and investments

Consolidated Cash Flow Statement (Condensed)

in € millions	2009	2008
Cash flow from continuing operations	270.0	265.1
Cash flow from investing activities	55.0	300.6
Cash flow from financing activities	– 283.9	– 612.2
Change in cash and cash equivalents	**41.2**	**– 46.4**
Cash and cash equivalents at December 31	197.3	154.5

Despite the fact that EBITDA for 2009 was € 152.5 million lower than the corresponding prior-year figure, the cash flow from operating activities was little changed from the previous year, at € 270.0 million. This circumstance resulted mainly from a decrease (PY: increase) in working capital. Also, the decrease in EBITDA was influenced by non-cash effects, especially the fact that higher amounts were appropriated to provisions than in the prior year.

The cash flow from investing activities amounted to € 55.0 million (PY: € 300.6 million). This amount was mainly composed of the purchase prices collected in connection with the sale of the regional newspaper investments. The total purchase price paid for the remaining shares in StepStone ASA, the investment in Digital Window Ltd., and the investment in Infor Biznes amounted to € 113.9 million. This amount was reflected in the cash flow from investing activities after deduction of the acquired cash and cash equivalents in the amount of € 38.8 million. In the prior year, the high cash inflow amount resulted mainly from the receipt of the purchase price for the shares sold in ProSiebenSat.1 Media AG, and was partially offset by the payments made for the acquisition of minority interests in BILD digital GmbH & Co. KG, for the exercise of the put options granted in connection with the acquisition of equity shares in auFeminin.com S.A., and for the acquisition of 33.3 % of the equity shares in StepStone ASA.

The cash flow from financing activities was negative, at € – 283.9 million in 2009 (PY: € – 612.2 million). It was influenced primarily by the repayment of financial liabilities. The substantially higher cash outflows in the prior year resulted from repayments of financial liabilities after receipt of the purchase price for the shares sold in ProSiebenSat.1 Media AG, and from the purchase of treasury shares.

The net balance of cash flows from operating, investing and financing activities amounted to € 41.2 million (PY: € – 46.4 million). As of December 31, 2009, the cash and cash equivalents (cash, term deposits, and securities with short-term maturities) amounted to € 197.3 million (PY: € 154.5 million).

Balance Sheet

Consolidated Balance Sheet (Condensed)

in € millions	12/31/2009	12/31/2008[1]
Non-current assets	1,874.6	1,715.7
Current assets	1,059.7	1,093.3
Assets	**2,934.3**	**2,809.1**
Equity	1,196.8	1,067.7
Non-current liabilities	966.1	1,041.9
Current liabilities	771.4	699.5
Equity and liabilities	**2,934.3**	**2,809.1**

[1] Adjusted due to the change of the accounting policy for pension obligations.

At € 2,934.3 million, the consolidated balance sheet total at December 31, 2009 was € 125.2 million or 4.5 % higher than the corresponding figure at the end of 2008 (PY: € 2,809.1 million). This development was influenced in particular by the sale of the regional newspaper investments and the first-time consolidation of StepStone ASA and Digital Window Ltd.

Of the purchase prices for the regional newspaper investments in the total amount of € 324.0 million, an amount of € 150 million was recognized as non-current receivables because it will be successively due and payable only starting in 2011. Investment carrying amounts and financial receivables in the amount of € 109.2 million were disposed.

Due to the first-time consolidation of subsidiaries, total assets increased by € 67.4 million and total liabilities increased by € 99.4 million.

At € 55.9 million, the current income tax receivables were € 18.4 million higher than the prior-year figure, mainly as a result of the higher advance tax payments made for 2009 and the tax refund claims for prior years arising from completed tax audits. At € 70.4 million, the current other assets were € 8.4 million higher than the prior-year figure, mainly as a result of the higher values for H&F options due to the higher share price of Axel Springer AG in 2009.

At € 1,196.8 million, the equity was € 129.1 million (12.1 %) higher than the corresponding figure at the end of 2008. This increase resulted mainly from the consolidated net income generated; countervailing effects were the dividend payment for fiscal year 2008 in the amount of € 130.6 million and the recognition of the balance from with the increase in the Group's shareholding in StepStone ASA from 52.8 % to 100 % (€ 36.2 million). The equity ratio rose to 40.8 % (PY: 38.0 %).

At € 966.1 million, the non-current provisions and liabilities were lower than the prior-year figure by € 75.8 million (7.3 %). The decrease resulted in particular from the reduction of financial liabilities (€ –128.6 million) and from the reversal of deferred taxes in connection with the sale of regional newspaper investments (€ –8.3 million). On the other hand, the pension provisions were higher (€ 14.4 million), due in particular to the lowering of the discount factor from 5.8 % to 5.3 % for pension obligations in Germany. The € 25.3 million increase in other non-current provisions resulted mainly from structural measures. In addition, deferred tax liabilities were recognized in connection with the purchase price allocation for the acquisition of StepStone ASA and Digital Window Ltd. (€ 28.1 million).

At € 771.4 million, the current provisions and liabilities were € 71.9 million million (10.3 %) higher than the corresponding prior-year figure. This increase resulted mainly from the first-time consolidation of StepStone ASA and Digital Window Ltd. It was also affected by increases in the provisions for structural measures, trade payables, financial liabilities under interest rate derivatives, and current income tax liabilities.

Economic position of Axel Springer AG

Key Figures for Axel Springer AG

in € millions	2009	2008	2007	2006	2005
Revenues	1,588.3	1,673.3	1,669.1	1,710.1	1,697.2
Net income	323.1	196.4	147.8	245.9	143.2
Transfer to other retained earnings[1)]	165.4	103.6	25.3	138.5	91.0
Total dividends	131.1	130.6	122.4	107.3	52.1
Dividend per share (in €)[1)]	4.40	4.40	4.00	3.50	1.70

1) The amount of the dividend for 2009 and the appropriation to other retained earnings (after deduction of the advance appropriation of € 151.4 million) are provisional, subject to the approval of the annual shareholders' meeting.

Overview

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

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

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

As a rule, Axel Springer AG provides all financing for the Group companies. A number of German Group companies have entered into profit transfer agreements with Axel Springer AG.

The following disclosures pertain to the separate financial statements of Axel Springer AG, which were prepared in accordance with the applicable regulations of the German Commercial Code and the German Stock Corporations Act.

Financial performance

Income Statement of Axel Springer AG (Condensed)

in € millions	2009	2008
Revenues	1,588.3	1,673.3
Other operating income	417.0	178.4
Purchased goods and services	–458.1	–484.8
Gross profit	**1,547.3**	**1,366.9**
Personnel expenses	–482.9	–452.4
Amortization, depreciation and impairments of intangible assets and property, plant and equipment	–40.0	–45.3
Other operating expenses	–530.9	–542.6
Income from non-current financial assets	45.2	76.9
Expenses from transfer of losses	–66.1	–49.7
Impairments of non-current financial assets and current securities	–38.3	–50.4
Net interest income	–33.6	–18.5
Profit from ordinary activities	**400.8**	**284.9**
Taxes	–77.7	–88.6
Net income	323.1	196.4
Transfer to retained earnings	–178.0	–51.2
Distributable profit	**145.1**	**145.1**

In fiscal year 2009, Axel Springer AG generated revenues of € 1,588.3 million, 5.1 % less than the corresponding prior-year figure, due in particular to the lower advertising revenues. However, the gross operating profit of € 1,547.3 million was € 180.4 million higher than the corresponding prior-year figure. This increase was caused mainly by the realized gain of € 251.9 million on the sale of the regional newspaper investments in 2009, which was also reflected in the substantially higher fiscal year net income of € 323.1 million (PY: € 196.4 million).

Balance sheet

Balance Sheet of Axel Springer AG (Condensed)

in € millions	12/31/2009	12/31/2008
Intangible assets	34.4	35.6
Property, plant and equipment	218.7	238.4
Non-current financial assets	1,470.0	1,351.3
Fixed assets	**1,723.0**	**1,625.3**
Inventories	26.0	34.4
Receivables and other assets and prepaid expenses	592.5	524.3
Treasury shares	196.0	169.5
Cash and cash equivalents	83.2	68.7
Current assets	**897.7**	**796.8**
Total assets	**2,620.7**	**2,422.0**
Equity	1,105.6	913.1
Provisions	483.8	451.6
Liabilities and deferred income	1,031.3	1,057.3
Total equity and liabilities	**2,620.7**	**2,422.0**

At € 2,620.7 million, the balance sheet total was 8.2 % (€ 198.7 million) higher than the corresponding prior-year figure. The proportion of total assets represented by non-current assets was nearly unchanged at 65.7 %. Non-current assets were backed by equity at the rate of 64.2 % (PY: 56.2 %). Non-current financial assets represented 85.3 % of total non-current assets (PY: 83.1 %).

At € 1,470.0 million, the non-current financial assets were € 118.7 million higher than the corresponding prior-year figure, mainly due to the acquisition of equity shares in StepStone ASA. At € 897.7 million, the current assets were € 100.9 million higher than the corresponding prior-year figure. This increase was influenced by the deferral of a portion of the purchase price from the sale of the regional newspaper investments and by the write-up of treasury shares to the original acquisition cost or stock market value at the balance sheet date.

At € 1,105.6 million, the equity was € 192.5 million higher than the corresponding prior-year figure. The equity ratio rose from 37.7 % to 42.2 % as of December 31, 2009. The total amount appropriated to provisions was € 32.2 million higher than the prior-year figure. This increase was caused in particular by the higher amount of pension obligations resulting from the reduced discount factor and the higher provision for structural measures. At € 1,031.3 million, the liabilities and deferred income were € 26.0 million lower than the corresponding prior-year figure. Whereas the liabilities to banks were € 128.5 million lower than the prior-year figure, the liabilities to affiliated companies increased by € 88.6 million, mainly in connection with the centralized cash management program.

Financial situation

The net debt (liabilities due to banks minus cash and cash equivalents) was reduced by € 143.0 million to € 235.0 million in 2009. As of December 31, 2009, the company had access to unutilized short-term and long-term credit facilities in the amount of € 1,220.0 million (PY: € 1,095.0 million). The credit facilities can be used both for general business purposes and for the financing of acquisitions.

Profit utilization proposal

The annual financial statements of Axel Springer AG, which were prepared in accordance with German commercial law and German laws applicable to stock corporations, show a fiscal year distributable profit of € 145.1 million (PY: € 145.1 million).

With the consent of the Supervisory Board, the Management Board will propose distributing a dividend of € 4.40 (PY: € 4.40) per qualifying share at the annual shareholders' meeting to be held on April 23, 2010. This dividend corresponds to a profit distribution of € 131.1 million from the distributable profit. The remaining amount of € 14.0 million will be allocated to other retained earnings. The treasury shares held by the company do not qualify for dividends. The number of shares qualifying for dividends can change in the time remaining until the annual shareholders' meeting. In this case, an appropriately adjusted profit utilization proposal will be made to the annual shareholders' meeting, while retaining the proposal to distribute a dividend of € 4.40 per qualifying share.

Risk and Opportunities Report

Risk assessment

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

Risks are monitored and managed with the aid of various interconnected systems:

- Production and unit sales quantities, income, and expenses are monitored as part of the overall management process. In this connection, general market and income risks are identified and managed as part of the budget planning and end-of-year forecast process and in the reporting system.

- Risks related to capital expenditures and acquisitions are identified and assessed in advance as part of investment planning; thereafter, they are monitored as part of the reporting system.

- In addition, Axel Springer has implemented a risk management program within the meaning of Section 91 (2) of the German Stock Corporation Act (AktG) that identifies all other risks.

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

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

Market and competition risks

In view of the limited functioning of the international financial markets, the expiration of economic stimulus programs, and the need to consolidate public-sector budgets (see page 87), a renewed economic downturn cannot be ruled out. Such a development would lead to a significant deterioration of the revenue situation, especially in the form of lower advertising revenues. Despite the "Growth Acceleration Act" announced in December of 2009, consumer spending could take a significantly negative turn, not least of all as a result of the projected rise in unemployment. Consumer spending is the determining factor for the performance of the press distribution market and the classified ads business, and is therefore highly significant for Axel Springer's business success. Furthermore, the general market situation is still characterized by intense competition pressure. The possible entry of new competitive titles and formats into the market, especially also in the form of free newspapers and magazines, exposes the Axel Springer Group to the risk of lost revenues and market shares in the circulation and advertising business. Changing consumption and reading habits, especially due to demographic shifts, exacerbate this risk even further. In addition, the increased competition of traditional print media with other types of media pose uncertainties. For example, the continuing expansion of the Internet could lead to further shifts in customer preferences and to additional structural changes in the advertising market. Such a development could lead to further reductions in newspaper and magazine revenues.

In this context, the high proportion of total Group-wide revenues contributed by BILD and the BILD family also poses a particular risk. The paid circulation of BILD and BILD am SONNTAG has been declining overall in recent years. Furthermore, a significant portion of Axel Springer AG's high-revenue magazine titles are supported by the strong recognition and brand familiarity of the BILD family. It cannot be ruled out that the success of the BILD titles could permanently suffer due to long-term negative impact from external factors, which would also impact Axel Springer's financial position, liquidity, and financial performance.

These general market risks are monitored and managed above all by the operational management of the company. In order to counter these market risks, in 2009 Axel Springer AG continued to pursue its strategy of market leadership in the core business of German-language print media as well as its strategy of internationalization and digitization, and will continue to pursue these strategies consistently in the future. Therefore, it is extremely important for Axel Springer to expand its existing activities in Germany in a targeted manner and adapt its business to suit changing customer demands by means of product innovations, among other measures. In addition, Axel Springer offers various price incentives and other product-related measures including, for example, sales-promoting give-aways and special inserts offered at an extra cost, such as DVDs, CD-ROMs, and audiobooks, for example.

To further reduce its market risks, Axel Springer continues to consistently pursue its strategies of internationalization and digitization. Axel Springer responds to the changes affecting the media business and promotes the cross-media networking and integration of its brands by means of acquisitions, business start-ups, and the expansion of existing digital media whenever possible. (See also the discussion of the segments Newspapers National, Magazines National, Print International, and Digital Media on pages 63, 65, 67, and 71).

Political and legal risks
The business of Axel Springer AG continues to be exposed to the competition-distorting effects of state-owned media operations and the regulatory pressure of lawmakers on all relevant levels of government. The three-stage test introduced as a regulatory requirement in 2009 has proven to be largely ineffective because the broadcasting councils do not give adequate consideration to the consequential effects of their expansion course on the online market. That represents an additional hindrance to the monetarization of mobile Internet services by private-sector providers. State-owned TV stations financed by government fees continue to offer electronic press on their websites without restriction, and it has been announced that news videos will be made available to users free of charge on the strategically important Apple AppStore platform.

As the new legislative periods begin in Germany and on the European level, a push for new regulatory measures can be expected. There are already indications of new initiatives to impose advertising conditions and restrictions. Furthermore, the possible regulation of behavior-directed advertising from the aspect of data protection law is being discussed.

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

The Axel Springer Group has instituted a sustainability management program that meets international standards. The delayed identification of critical developments relative to possible ecological and social conflicts in the procurement of resources in all phases of the wood, pulp, paper, and recycling chain could harm the Group's reputation. To reduce this risk, Axel Springer works closely with experts in the wood, pulp, and paper industry, and with numerous environmental protection organizations. The Group also conducts monitoring measures across the value chain, as well as eco-audits, in order to limit the associated risks. Furthermore, the Group communicates these measures through internal and external reporting characterized by openness and transparency.

IT risks
IT risks arise from the possible failure of IT systems, data centers, editing systems, databases, and the like. Such IT risks could lead to data losses and, in the worst case, business interruptions. Extensive IT security measures (such as back-up systems, firewalls, emergency data centers) are taken to avoid or mitigate such risks.

Strategic and other risks
Strategic risks arise primarily from the possibility that the Group would invest in concepts and companies that are not sustainably successful, which could cause financial losses as well as intangible losses. Investment risks are especially relevant here. If the revenue and net income performance of the companies in which the Group holds investments are worse than planned due to a renewed worsening of the financial markets and economic crisis, it could become necessary to recognize impairment losses after an impairment test. In the worst case, the complete write-off of the assets of all companies in which Axel Springer holds investments could pose a risk to the survival of the Axel Springer Group as a going concern. Such risks are minimized in particular through the active management and constant monitoring of equity investments. These measures also minimize the risk of possible losses on loans to such companies.

Based on a tax audit in September 2009, the Turkish tax authorities imposed various subsequent tax claims and incidental costs in the total amount of TRY 4.8 billion (approximately € 2.2 billion) against our investment Doğan TV Holding and three subsidiaries of Doğan TV Holding. The management of Doğan TV Holding considers the subsequent tax claims to be unjustified and the affected companies filed an action with the tax court. Depending on the further developments and any possible adjustments to the business plan by the management of Doğan TV Holding, the risk of an impairment loss cannot be ruled out. In assessing the value of our investment in this associate, due consideration is given to the existing contractual agreements aimed at protecting the value of our investment.

Also, the loss of major customers could have an adverse impact on the Group's business success and activities. Measures are taken to reinforce customer loyalty, among other things, as a means of avoiding this risk. Additionally, breaches of confidentiality agreements or insider trading regulations, as well as the publication of incorrect information, could entail financial and legal consequences and/or damage the reputation of the Group or its properties. Inspection mechanisms and coordination rules have been instituted, among other measures, as a means of minimizing such risks. Also, violations of data protection laws and regulations could entail negative economic and legal consequences and/or harm the Group's reputation. To avert any such violations, Axel Springer has expanded its data protection organization and initiated comprehensive training measures; we plan to intensify such activities in the future. Risks in the distribution sector, including the risk of liquidity problems affecting distribution partners, are countered by clearly defined payment terms and conditions.

Financial risks

The financial risks especially relevant to the Axel Springer Group are interest rate risk and currency risk. Interest rate risk can arise from financial liabilities with variable interest rates and from investments in fixed-income securities. Currency risks arise in connection with revenues and net investment income in foreign currencies.

To limit its exposure to interest rate risk, the Group has established principles that serve to regulate and ensure compliance with loss limits on its capital investments. In addition, these risks are hedged by employing various kinds of interest rate derivatives. Significant financing risks as a result of the global financial crisis are not evident for the Axel Springer Group, because the credit line totaling € 1.5 billion granted for liquidity protection purposes has been approved by the participating banks until 2012/2013 and does not include unilateral termination rights. Currently, the Axel Springer Group is not exposed to any price change or default risks, nor risks arising from cash flow fluctuations.

Overall risk assessment

With the exception of the rather theoretical risk of a complete write-off of all assets related to companies in which the Group holds investments, no further risks that could endanger the company's survival as a going concern can be discerned. This risk has a very low probability of occurrence. Currently, no risk concentrations or interdependencies that could have a significant influence on the Group's financial position, financial performance, and liquidity situation are discernible, with the exception of the threat of renewed drastic worsening of the world economy. Because the Axel Springer Group has been covered by new insurance since 2009, its exposure to terrorism risks is not the same as in prior years. Although such risks are still significant, they can no longer endanger the company's survival as a going concern or exert a significant influence on the Group's financial position, financial performance, and liquidity situation. Aside from this change, the risk assessment of the Axel Springer Group has not changed significantly from the prior year.

Assessment of opportunities

Market opportunities

If the economy were to perform better than currently projected by leading economic institutions, that would have a positive effect on the Axel Springer Group's circulation and advertising revenues. An overall negative development would present the possibility of competitors withdrawing from the market in connection with a market adjustment, thereby improving the market position of our properties and operations in the long term. Furthermore, there is the possibility of acquiring companies at lower fair value measurements. Especially in sports-connected media, additional circulation and advertising revenues could be generated in connection with the major events of 2010, such as the Winter Olympics in Vancouver and the World Soccer Cup in South Africa.

Political opportunities
The strengthening of intellectual property rights by means of the introduction of a publisher's ancillary copyright could have a positive effect in Germany.

Strategic opportunities
The successful internationalization of Axel Springer through the development and expansion of its presence in robustly growing foreign markets offers opportunities to increase revenues and net profits. In implementing its internationalization strategy, the company has the crucial advantage over its competitors of having already attained strong market positions in many countries, even leading positions in numerous segments. The digitization strategy offers particularly great opportunities for generating additional revenues via the dynamic development of revenues in the online advertising market. Axel Springer is taking advantage of this market trend through the swift and consistent combination of print and online offerings, and by investing in companies, entering into cooperation agreements, and continually expanding its existing and newly acquired activities.

Marketing opportunities
Due to the fact that Axel Springer Media Impact, the Group's central marketing unit, is one of the highest-reach cross-media marketers in Europe, Axel Springer is in a good position to compete for large TV advertising budgets.

Description of the key characteristics of the internal control and risk management system as it relates to the financial accounting process of the company and the Group (Section 289 (5) and Section 315 (2) (5) HGB) including the accompanying report of the Management Board

The risk management system of the Axel Springer AG as well as of the Axel Springer Group comprises all the organizational regulations and measures required to assure the detection and management of risks arising from business activity. With regard to the financial accounting process both of the Axel Springer AG and of the Group, the internal control system is designed to ensure that the financial reporting system presents a true and fair view of the financial position, liquidity, and financial performance of the Axel Springer AG and of the Axel Springer Group, in accordance with the applicable laws and standards.

The Management Board bears the overall responsibility for the internal control and risk management system as it relates to the financial accounting process of the Axel Springer AG and of the Group. All the companies included in the consolidated financial statements are integrated with the Group by means of a clearly defined management and reporting organization.

We consider the following elements of Axel Springer's internal control and risk management system to be significant with regard to the financial accounting process of the Axel Springer AG and of the Group:

- Processes for identifying, assessing, and documenting all significant businesses processes and risk areas that are relevant to the financial accounting system, including the related key controls. Such processes include financial reporting and accounting processes, as well as administrative and operational processes that generate significant information for the preparation of the consolidated financial statements and management report of the Axel Springer AG and the Group.

- Process-integrated controls (computer-aided controls and access restrictions, dual control principle, separation of functions, analytical controls)

- Standardized financial accounting processes through the use of a Group Shared Service Center for most of the recorded transactions included in the consolidated financial statements

- Assurance of uniform accounting through Group-wide guidelines, procedures and trainings

- Monthly internal reports for the Group (complete income statement, balance sheet, cash flow statement) and monthly reports on all cost units of the Group, including analysis and reporting of significant developments and budget/actual variances.

The effectiveness of the internal control and risk management system as it relates to the (Group's) financial accounting system is systematically reviewed and evaluated by means of regularly performed control tests; a Group-wide reporting system ensures that up-to-date information is provided on a regular basis to the Management Board and the Supervisory Board.

Events after the balance sheet date

No significant events or developments of particular importance have occurred since the balance sheet date for 2009.

Outlook

Anticipated economic environment

General economic environment
Now that the financial markets crisis and global recession have been overcome, the expectations for the future development of the economic environment have brightened again. The IMF is predicting **global economic growth** of 3.9 % for 2010. However, this growth will be driven less by the industrialized nations and more by the emerging economies. The international financial markets are still not functioning at full strength. The fact that credit conditions are still restrictive worldwide will have a tremendous negative impact on the ability to raise financing for investments and new jobs. Furthermore, the need to consolidate public-sector budgets and social security systems in Germany and abroad is becoming ever more urgent. This circumstance could lead to additional burdens on the citizens of the respective countries and exert a negative influence on their consumer spending propensity.

The **German economy** will gain pace only slowly in 2010. ifo is predicting real growth of 1.7 %. The funds provided in connection with the various economic stimulus packages will slowly run out and market forces will assume a more prominent role. Consumer spending is expected to provide only little impetus to the economy. Although net incomes are rising as a result of tax cuts (especially those contained in the Growth Acceleration Act), consumer spending will hardly rise from the level of 2009, as an increase of only 0.2 % in real terms is expected.

According to ifo, a sudden drop in employment is not to be expected in 2010. According to that institute, the average annual number of unemployed persons can be expected to rise by 0.2 million to 3.6 million. In that case, the unemployment rate would rise from 8.1 % to 8.6 %. Consumer prices will increase only at a moderate rate of 0.6 %. In view of the fact that the economic recovery is rather subdued, price pressures will remain in effect. Exports are expected to regain momentum relatively quickly and increase at a real rate of 8.4 % in 2010. According to ifo's forecast, however, investment in plant and equipment will expand only at a restrained rate of 1.0 % in 2010, below the growth rate of the overall economy.

Internationally, the downward slide has been arrested in most of the eastern European member states of the EU; according to ifo, however, a quick economic recovery is not foreseeable at the present time.

In Poland, a real economic growth rate of 2.2 % is predicted for 2010, while the economy of the Czech Republic is expected to expand by 1.5 %. In Hungary, a further moderate decrease of 0.5 % is predicted. Russia can be expected to experience an economic recovery during the course of 2010. The real growth rate for 2010 is expected to be 1.5 %.

In western Europe, economic growth is likewise expected to be restrained. According to forecasts, the French economy will revive somewhat and probably expand at a real rate of 1.6 % in 2010. For Switzerland, economic growth of 1.1 % is anticipated. In Spain, it will probably take longer for an economic recovery to set in, because the collapse of the building sector and the anticipated austerity measures of the Spanish government will stand in the way of a rapid recovery; according to forecasts, the Spanish economy will contract by 0.5 % in real terms in 2010.

Industry environment
In view of the anticipated stagnation of consumer spending, the German press distribution market will likely be restrained again in 2010, even as competition pressure remains intense. Due to the rising use of digital media, but also due to the growing availability of free advertising papers, the average circulation of newspapers and magazines is likely to continue falling. Renewed copy price increases are hardly feasible in many cases, with the result that the circulation declines will probably affect circulation revenues to a greater extent than in the preceding year. The trend of declining print media circulation will also persist in the key international markets of Axel Springer.

On the other hand, the global advertising market is expected to stabilize, following the worst drop in worldwide advertising expenditures in decades. According to the latest forecast by ZenithOptimedia (Advertising Expenditure Forecasts of December 2009), a slight worldwide increase of 0.9 % is anticipated for 2010, assuming that the economy continues to improve. According to ZenithOptimedia, the markets of North America, western Europe, and Japan, which were hard hit by the economic crisis, will recover more slowly and even contract again in 2010.

In view of the still fragile state of the **German** economy, it is hard to discern any positive factors that would stimulate the advertising market. Consequently, all the relevant associations and industry representatives consider it probable that competition for tight advertising budgets will intensify among media outlets.

In addition, the development of the advertising market is influenced by structural and political factors. For the time being, the extent to which national and European lawmakers will expand or restrict the leeway for commercial advertising is unclear. Government intervention in commercial advertising, as in the case of food products, alcoholic beverages, or cars, for example, could prompt advertisers to seek new communication channels beyond the traditional media to advertise their products. The advertising market in Germany could also be strained further by the ongoing push for more regulation, especially on the EU level. This scenario would be exacerbated by the pressure for change associated with the shrinking and ageing of the population in Germany.

For Germany, ZenithOptimedia predicts a 1.5 % contraction in the total advertising market; specifically, the net ad volume of **newspapers** is expected to decline by 1.8 % and that of **magazines** by 3.3 %. For 2010, the Central Association of the German Advertising Industry (ZAW) anticipates that companies will spend 3 % less on advertising than in 2009. This forecast refers to both conventional media, as well as direct advertising and online advertising, among other segments.

According to ZenithOptimedia, net advertising expenditures in the **online market** (including search term marketing and affiliate advertising) can be expected to continue growing at a rate of 2.1 % in 2010. Thus, increasingly larger proportions of advertising budgets will be allocated to digital media. In general, it is expected that the mobile and stationary Internet will converge further from the perspective of users.

For the **TV market** in Germany, the media agency ZenithOptimedia is predicting a 1.6 % decline in net advertising revenues. For the **radio market**, ZenithOptimedia anticipates a 1.0 % increase in net advertising revenues over the level of 2009.

The communication industry sees new growth opportunities mainly in new marketing offers, networked advertising concepts, the creation of new business lines, and product innovations. The industry expects that the two sports highlights of 2010, the Winter Olympics in Vancouver and the World Soccer Cup in South Africa, will provide a boost to the advertising market, with sports-related advertising channels benefiting most.

For the **international markets** in which Axel Springer is active, ZenithOptimedia (as of December 2009) is forecasting a mixed development of the net advertising revenues (including classified ads) of newspapers and magazines.

Anticipated Print Advertising Demand 2010 (Selection)

Change in net ad volume compared to prior year	Newspapers	Magazines
Germany	−1.8 %	−3.3 %
Poland[1]	−8.2 %	−7.5 %
Switzerland[2]	−0.6 %	−1.3 %
Hungary	2.2 %	2.2 %
France	−0.8 %	−3.5 %
Spain[1]	−3.2 %	−4.5 %
Russia[3]	5.2 %	
Czech Republic[2]	2.5 %	2.8 %

Source: Forecast according to ZenithOptimedia, Advertising Expenditure Forecasts 2009.
[1] Excluding classified ads.
[2] Gross ad volume, excluding classified ads.
[3] Print media in total.

Based on the assumption of constant exchange rates, ZenithOptimedia expects that the net ad volume in the **online market** of western Europe will increase by 4.6 % to US-$ 16.3 billion in 2010. The growth rates in some of the eastern European markets will probably be much higher.

Anticipated Advertising Demand for Online Media (Selection)

Change in net ad volume compared to prior year	2010	2009
Germany	2.1 %	1.2 %
Poland	13.6 %	8.6 %
Switzerland	12.3 %	13.2 %
Hungary	10.6 %	7.6 %
France	10.3 %	6.5 %
Spain	11.0 %	5.0 %
Russia	14.8 %	–13.4 %
Czech Republic	15.6 %	25.7 %

Source: Forecast according to ZenithOptimedia, Advertising Expenditure Forecasts 2009.

Strategic and organizational orientation

In 2010 and beyond, Axel Springer will continue to pursue its strategy based on the core elements of expanding the market leadership position in the German-language core business, internationalization, and digitization.

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

Axel Springer will continue energetically to pursue its internationalization strategy. The Group will focus on strong, established print brands that appeal to a broad base of readers. Important criteria for making investments in companies are the editorial quality, the professionalism of the management, and the suitability of the corresponding content for digital media. Geographically, Axel Springer will focus mainly on the countries of central and eastern Europe.

The digitization strategy is geared to expanding content portals, marketplaces, and marketing. With regard to the content portals, we will focus on the continued development of paid content and offers. In this endeavor, we can make use of the experiences gathered in connection with the popular formats that have already been introduced. In the segment of marketplaces, the Group's portfolio has been expanded significantly through the acquisition of StepStone. In the marketing segment, we intend to pursue further international growth as a result of the acquisition of Digital Window's affiliate network, as a complement to the business of zanox.

Significant adjustments to the Group's organization are not planned from today's perspective.

Anticipated business developments and operating performance

The consequential effects of the global recession will continue to be felt in the press distribution and advertising markets, especially in view of the fact that the market has begun to stabilize on a comparatively low level.

For the full year 2010, we anticipate stable to slightly higher revenues for the **Group**, with revenue growth in the low single-digit range. Although circulation revenues are expected to fall, we anticipate higher advertising and other revenues. We believe that the declines in the print business can be made up with rising revenues from the digital media. As a result of operational improvements, positive effects from restructuring measures, and the continued practice of strict cost discipline in all areas of the Group, EBITDA for the full year 2010 is expected to be around 10 % higher than the corresponding prior-year figure.

Assuming that the economic recovery continues, we anticipate a further, slight increase in revenues and EBITDA in fiscal year 2011. The continual expansion of the Group's international and digital business activities will be the main driver of that growth.

As for the **segments**, we expect that the total revenues of the Newspapers National segment will be moderately lower in 2010, due to slightly lower advertising and circulation revenues. Despite the lower income from investments resulting from the discontinuation of the contributions of the regional newspapers that were sold, we will strive to increase EBITDA by means of the restructuring measures that have been initiated.

The Group's German magazines continue to operate in an extremely challenging competitive environment; therefore, we anticipate that revenues in the advertising and press distribution market will continue to come under pressure. Nonetheless, we anticipate that EBITDA for the Magazines National segment will be higher than the prior-year figure due to the efficiency enhancement measures that have been implemented.

Based on early signs of a market stabilization in the fourth quarter of 2009, our expectations for the Print International segment are cautiously positive, even though advertising and circulation revenues are expected to decline further. We expect that this segment's EBITDA will be substantially higher than the corresponding figure for 2009, also due to the fact that the positive effects of the substantial reduction of cost structures will be reflected in the full-year results for the first time.

The anticipated significant revenue growth in the digital media is based on organic growth and on the full-year consolidation of StepStone and Digital Window. Both advertising revenues and other revenues are expected to be instrumental in the expected revenue growth. The significantly higher revenues and our growing success in generating profits in our brand-derived online activities are expected to result in a higher EBITDA for the Digital Media segment.

For the Services/Holding segment, we anticipate slightly lower revenues and also a lower EBITDA, due to higher project costs and lower income from investments.

Anticipated development of liquidity and financial position

According to the current planning status, the Group's liquidity and financial position will not change significantly in 2010. Axel Springer has extensive short-term and long-term credit facilities, which can also be used for acquisitions. Based on the capital expenditures projects planned to date, investments in property, plant and equipment and intangible assets will likely be higher than the corresponding prior-year figure, due in part to the further development of the Group's web-based systems and IT infrastructure. The financing will be provided by the cash flow from operations.

Dividend policy

Axel Springer strives to maintain a continuous dividend policy, in accordance with the Group's business development and operating performance, in a manner that allows for the further strengthening of the equity base and the financing of growth.

Anticipated workforce development

Despite constant workforce adjustment measures in the German print business, the average workforce in the Group for 2010 is expected to be higher than the corresponding figure for 2009, mainly due to the integration of StepStone and Digital Window into the Axel Springer Group. Furthermore, the organic growth of digital media will lead to a slight increase in personnel.

Planning assumptions

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

Disclosures pursuant to Sections 289 (4), 315 (4) HGB and Explanatory Report pursuant to Section 176 (1) (1) AktG

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

All shares carry the same rights and obligations. Each share grants the right to cast one vote in the annual shareholders' meeting and represents the basis for determining the shareholder's entitlement to the company's net profit. By way of exception, the treasury shares do not confer any rights to the company (cf. Section 71b AktG).

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

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

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

- In connection with the purchase of company shares from Dr. h. c. Friede Springer by Good Media Investment Holdings S.A.R.L., the company entered into another share transfer restriction agreement with Michael Lewis, Nova Trust Ltd. in its capacity as the trustee of Michael Lewis Capital Discretionary Settlements, and other "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 of the company (representing 1 % of the existing capital stock) by Good Media Investment Holdings S.A.R.L., and the parties agreed to apply the obligations under the share transfer restriction agreement of February 16, 2006 to the shares to be purchased in the future as well. In the confirmation agreement of May 21, 2007, the parties specified that the above-mentioned agreements will also apply to any loan increase and to the existing subordinated pledge right that had again been stipulated for the shares by way of precaution.

- 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 in connection with the bonus share and share ownership program for the employees of the Axel Springer Group. The holding period is set at one year for the bonus share and at two years for the share ownership program (see page 46).

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 fiscal year 2009, Axel Springer Gesellschaft für Publizistik GmbH & Co. KG held around 51.5 % of the company's capital. This investment is attributable to AS Publizistik GmbH (in its function as general partner of Axel Springer Gesellschaft für Publizistik GmbH & Co. KG), Friede Springer GmbH & Co. KG, Friede Springer Verwaltungs GmbH (in its function as general partner of Friede Springer GmbH & Co. KG), and Dr. h. c. Friede Springer herself. At the end of fiscal year 2009, Dr. h. c. Friede Springer directly held an additional holding equal to about 7.0 % of the company's capital stock. Thus, the total shareholding controlled by Dr. h. c. Friede Springer amounted to around 58.5 %.

Shares endowed with special rights that confer powers of control

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

Manner of exercising voting rights when employees hold shares in the company's capital and do not directly exercise their rights of control

In connection with the two employee share ownership programs implemented in 2009 (see page 46), Deutsche Bank AG was initially recorded in the Share Register as a third-party holder with respect to the shares transferred to employees. However, every employee is at liberty to have himself or herself recorded in the Share Register as a shareholder.

Statutory provisions and provisions of the Articles of Incorporation relative to the appointment and dismissal of Management Board members and amendments to the Articles of Incorporation

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

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

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

Authority of the Management Board to issue or buy back 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 23, 2009 (Agenda Item 6), the Management Board is authorized, with the consent of the Supervisory Board, to purchase the company's own shares up to an amount equivalent to 10 % of the current capital stock in the time until October 22, 2010. 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 Management Participation Program for the Management Board that was resolved at the annual shareholders' meeting of April 14, 2004, in the time until October 22, 2010 (Agenda Item 7 of the annual shareholders' meeting of April 23, 2009).

Along with the shares held by the company or attributable to the company in accordance with Sections 71 a ff. AktG, the shares purchased by virtue of the foregoing authorizations may not at any time exceed 10 % of the company's capital stock. Details concerning these two authorizations are provided in the invitation to the annual shareholders' meeting of April 23, 2009, which is available on the website of Axel Springer AG. (See also Agenda Items 6 and 7 and the Management Board's report on this subject).

At the end of 2009, the company held 3,179,784 of its own shares (representing 9.6 % of the capital stock).

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

With the exception of a € 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, in such a case, to terminate the credit facility with advance notice of 30 days in the event of a change of control. Aside from specific exceptions that relate to the shareholders that currently control Axel Springer AG, a change of control is understood to mean, in the context of the credit facility, the acquisition of shares of Axel Springer AG representing more than 50 % of the capital stock and/or voting rights by one or more parties acting together.

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

The majority of the members of the Management Board is 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 base salary. Furthermore, the company will pay the performance-based compensation at the pro-rated percentage 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 fiscal year 2009, either at the behest or in the interest of the controlling company or a company affiliated with the controlling company."

Declaration on Corporate Governance pursuant to Section 289a HGB and Corporate Governance Report

The Declaration on Corporate Governance pursuant to Section 289a of the German Commercial Code (HGB) comprises the Declaration of Conformity pursuant to Section 161 of the German Stock Corporations Act (AktG), as well as relevant disclosures concerning management practices, a description of the internal procedures followed by the Management Board and Supervisory Board, and listings of the composition and procedures of their committees. In accordance with Section 3.10 of the German Corporate Governance Code, the Management Board reports on the company's corporate governance (Corporate Governance Report), also on behalf of the Supervisory Board, in the Declaration on Corporate Governance.

Responsible corporate governance

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

We have taken appropriate measures to implement and ensure compliance with the principles of corporate governance. The Management Board member in charge of "Finance and Services" also serves as Corporate Governance Officer. The implementation of, and adherence to, the recommendations of the German Corporate Governance Code are reviewed on a continual basis. The Chairmen of the Management Board and the Supervisory Board are informed of the results of this review on a regular basis.

Declaration of Conformity pursuant to Section 161 AktG

In accordance with Section 161 of the German Stock Corporations Act (AktG), the Management Board and Supervisory Board of Axel Springer AG hereby make the following declaration:

I.
"Axel Springer adheres to the recommendations of the German Corporate Governance Code (the Code) in the version of June 18, 2009, published by the Federal Ministry of Justice in the official announcements section of the electronic Federal Gazette on August 5, 2009, 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) of the 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 has made full use 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, for the last time in fiscal year 2009; this option is no longer allowed for fiscal year 2010 due to the elimination of Sections 287, 313 (4) HGB by the Accounting Modernization Act (BilMoG) that entered into force on May 29, 2009.

2) For members of the Supervisory Board, a deductible equal to at least 10 % of the insured loss under D&O insurance and up to one and a half times the fixed annual compensation of Supervisory Board members will be stipulated for members of the Supervisory Board, in accordance with the legal situation as for members of the Management Board, only as of July 1, 2010 (Section 3.8 (5) of the Code).

Because the higher minimum deductible applicable to members of the Management Board (Section 93 (2) (3) AktG) under the D&O insurance contracted prior to August 5, 2009 (as in the case of the company) is to take effect only as of July 1, 2010 in accordance with Section 23 (1) EGAktG, the increase in the minimum deductible for members of the Supervisory Board will also be effected only as of July 1, 2010, for reasons of uniformity and efficiency.

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 5.4.6 (6) and (7) of the Code).

Such itemized information is not disclosed because the competitors of Axel Springer Aktiengesellschaft also do not publish such compensation information.

II.a.
In the time since the last Declaration of Conformity was published in December 2008, with amendments in February 2009, until the new version of the Code was announced on August 5, 2009, the company has adhered to the German Corporate Governance Code in the version of June 6, 2008, published by the Federal Ministry of Justice in the official announcements section of the electronic Federal Gazette on August 8, 2008, with the exception of the points I.1) and I.3) mentioned above and the exceptions noted below.

1) In fiscal year 2009, as in prior years, the Personnel Committee of the Supervisory Board resolved on the compensation system of the Management Board, including the main contractual elements (Section 4.2.2 (1) of the Code).

The resolution by the Personnel Committee, which regularly deals with matters related to the Management Board, assured an objective and appropriate decision. In the future, however, the Supervisory Board intends to resolve on the Management Board compensation system in its full session, in accordance with the recommendation of the Code.

2) The full Supervisory Board did not review the compensation system of the Management Board in fiscal year 2009 (Section 4.2.2 (1) of the Code).

In view of the fact that the Personnel Committee of the Supervisory Board adopted a resolution on the restructured compensation system of the Management Board in connection with the introduction of the new Management Participation Program in fiscal year 2009, a further review of the compensation system so shortly thereafter did not appear to be necessary. In the future, however, the Supervisory Board intends to review the compensation system of the Management Board in its full session on a regular basis again, as in the past, in accordance with the recommendation of the Code.

3) The Management Participation Program adopted by the annual shareholders' meeting on April 14, 2004 does not stipulate a cap in the event of extraordinary, unforeseeable developments (Section 4.2.3 (8) of the 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 AG 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 stipulate a cap depending on the share price.

II.b.
Axel Springer has adhered to the recommendations of the German Corporate Governance Code (the Code) in the version of June 18, 2009, published by the Federal Ministry of Justice in the official announcements section of the electronic Federal Gazette on August 5, 2009, in the time since it was announced, with the exception of the points I.1), I.2), and I.3) as well as points IIa.1) and IIa.2) mentioned above.

Berlin, December 2009

Axel Springer AG

The Supervisory Board The Management Board"

This Declaration of Conformity pursuant to Section 161 AktG was published in December 2009. Like the older versions, it can be viewed at www.axelspringer.de/declarationofconformity.

Relevant standards and practices of corporate governance

Axel Springer is the only media company to have a corporate constitution. The principles set forth therein are anchored in Article 3 of the company's Articles of Incorporation and therefore serve as a guideline for all employees. The corporate constitution can be viewed at and downloaded from www.axelspringer.de/corporate-principles. The main principles of the corporate constitution are presented in the section entitled "Social responsibility" on page 47 of this report.

A Managerial Guideline concretizes the requirements to be met by the management of the Axel Springer Group in accordance with the corporate constitution.

Axel Springer has also instituted Guidelines of Journalistic Independence, which concretize and broaden the scope of the journalistic principles set forth in the Code of Conduct of the German Press Council. Specifically, they address the separation between advertising and editorial texts and delineate the boundaries between the private and business interests of reporters and editors; they forbid personal enrichment and set rules for the treatment of sources. Thus, these guidelines define the framework conditions for independent and critical journalism in the editorial departments of all media of the Axel Springer Group. The editors-in-chief are responsible for observing and implementing the guidelines in the company's day-to-day activities. The complete guidelines can be viewed at www.axelspringer.de/guidelines.

Finally, Axel Springer has developed a catalog of social standards known as the International Social Policy. This policy clarifies the company's position with respect to human rights, the rule of law, the protection of children and adolescents, the treatment of employees, health and safety, and the compatibility of work and family, among other issues. The International Social Policy can be downloaded from www.axelspringer.de/socialpolicy_en.

Internal procedures of the Management Board and Supervisory Board and the composition and procedures of their committees

Cooperation between the Management Board and Supervisory Board

In accordance with the prescriptions of law, a dual system of management and supervision has been implemented at Axel Springer. The Management Board manages the company under its own responsibility. The Supervisory Board appoints the members of the Management Board and monitors and advises the Management Board in the conduct of business. The two boards work closely together, in an atmosphere of trust and confidence, to enhance the company's value. The two boards are strictly separated from each other with respect to personnel and responsibilities.

Management by the Management Board

In its capacity as the executive managerial instance, the Management Board is bound by duty to promote the company's interests and enhance the company's value on a sustainable basis. It develops the company's business strategy and is responsible for implementing that strategy, in coordination with the Supervisory Board. The Management Board manages the company's business in accordance with the relevant laws, Articles of Incorporation and its internal rules of procedure.

The Management Board provides comprehensive and timely information to the Supervisory Board on all relevant matters of strategy, planning, business developments, risks, and risk management. Important decisions of the Management Board require the approval of the Supervisory Board. Such decisions include, in particular, the creation or discontinuation of business divisions, the acquisition or sale of significant equity investments, and the adoption of the company's annual budget and financial plan.

The internal rules of procedure of the Management Board contain detailed prescriptions. They govern the following matters, among others:

- The obligation to observe, comply with, and ensure the Group-wide implementation of the corporate constitution
- The division of managerial responsibilities and the decisions to be made by the full Management Board
- The duties of the Management Board Chairman
- Transactions that require the consent of the Supervisory Board
- The prompt, regular provision of comprehensive information to the Supervisory Board
- Rules governing meetings and resolution procedures, and
- Reporting duties and the disclosure of conflicts of interest.

The **Management Board** currently consists of four members:

- Dr. Mathias Döpfner (Chairman, head of “Subscription Newspapers and International”)
- Rudolf Knepper (Vice Chairman, head of “Printing, Logistics and HR”)
- Lothar Lanz (Chief Financial Officer and Chief Operating Officer)
- Dr. Andreas Wiele (head of “BILD Group and Magazines”)

The members of the Management Board bear joint responsibility for the management of the company; they work together in a collegial manner and keep each other regularly informed of important measures and events in their respective areas of responsibility.

Supervision and advice by the Supervisory Board
The Supervisory Board consists of nine members, who are elected by the annual shareholders’ meeting. The term of office of Supervisory Board members is five years; they are eligible for re-election at the end of their terms. The Supervisory Board elects its Chairman from among its own ranks; the term of office of the Supervisory Board Chairman is coincident with that of the Supervisory Board. The Supervisory Board advises the Management Board and oversees its work, meeting at least four times a year. In case of necessity, it meets without the Management Board in attendance. Meetings may be held and resolutions adopted also by way of written correspondence, telephone calls, telexes, or other forms of telecommunication. The Supervisory Board discusses the company’s business developments, planning, strategy, and significant capital expenditures at regular intervals of time. The Supervisory Board adopts the separate financial statements of Axel Springer AG and approves the consolidated financial statements of the Group. The Supervisory Board reviews the efficiency of its work on a regular basis. For information on the specific activities of the Supervisory Board in 2009, please refer to the Report of the Supervisory Board (see pages 107ff.).

The internal rules of procedure of the Supervisory Board fulfill the requirements of the German Corporate Governance Code, with the few exceptions mentioned in the Declaration of Conformity. These rules govern the following matters, among others:

- The election and duties of the Chairman and Vice Chairman
- The convocation of meetings
- The adoption of resolutions within meetings or by way of written correspondence or telephone consultation, and
- The obligation to disclose conflicts of interest.

The members of the **Supervisory Board** are:

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

The term of office of all current Supervisory Board members ends upon the close of the regular annual shareholders' meeting in 2014.

Composition and internal procedures of committees

The Management Board has not instituted any committees. The Supervisory Board currently has four committees: the Executive Committee, Personnel Committee, Nominating Committee, and Audit Committee. The members and responsibilities of the committees are presented below:

Executive Committee

Responsibilities	Members in fiscal year 2009
Publishing and journalistic affairs	Dr. Giuseppe Vita (Chairman)
Strategy, financial planning	Dr. h. c. Friede Springer (Vice Chairwoman)
Capital expenditures, financing	Dr. Gerhard Cromme
Preparation of decisions for the organization of the Management Board	Klaus Krone
Approval of the sale of registered shares of Axel Springer AG and of subscription rights for such registered shares	
Approval of management measures requiring the approval of the Supervisory Board, which have been referred to the Executive Committee	

Personnel Committee

Responsibilities	Members in fiscal year 2009
Preparation of decisions regarding the appointment and dismissal of Management Board members	Dr. Giuseppe Vita (Chairman)
Resolutions on the conclusion, amendment, and termination of employment contracts with Management Board members (except determination and change of their compensation)	Dr. h. c. Friede Springer (Vice Chairwoman)
Resolutions on the extension of loans within the meaning of Sections 89, 115 AktG	Dr. Gerhard Cromme
Approval of contracts with Supervisory Board members as per Section 114 AktG	
Representation of the company in legal transactions with Management Board members	
Approval of management measures requiring the approval of the Supervisory Board, which have been referred to the Personnel Committee	

Nominating Committee

Responsibilities	Members in fiscal year 2009
Preparation of proposals regarding the appointment and dismissal of Management Board members	Dr. Giuseppe Vita (Chairman)
Formulation and review of the required qualifications which the company expects of Supervisory Board members	Dr. h. c. Friede Springer (Vice Chairwoman)
Observation of the national and international environment in order to identify suitable candidates	Dr. Michael Otto

Audit Committee

Responsibilities	Members in fiscal year 2009
Preparation of decisions for the adoption of the separate financial statements and the approval of the consolidated financial statements	Dr. Giuseppe Vita (Chairman)
Preliminary review of the annual financial statements, Dependency Report, consolidated financial statements, management report and Group management report	Dr. h. c. Friede Springer (Vice Chairwoman)
Review of the proposal for the utilization of the unappropriated net profit	Klaus Krone
Review of the interim financial statements and interim reports	Oliver Heine, since April 2009
Review of the risk management system	
Discussion of the audit report and the report on the auditor's review of interim financial statements with the independent auditor	
Preparation of the proposal for the election of the independent auditor for the annual shareholders' meeting	
Issuance of the audit engagement for the separate financial statements and consolidated financial statements, adoption of audit priorities	

Conflicts of interest

The members of the Management Board and Supervisory Board are bound by duty to promote the interests of the company. No member of either board may, through his decisions, pursue personal interests or take advantage of business opportunities that should be the province of the company.

Management Board members may not, in connection with their activities, request or accept gifts or other benefits either for their own benefit or that of others, or grant unjustified benefits to third parties. Any sideline activities of the Management Board members require the consent of the Supervisory Board. The Management Board members are subject to a comprehensive anti-competition clause during the period of their activity for Axel Springer.

Every Management Board member must inform the Supervisory Board of any conflict of interest without delay. In the same manner, every Supervisory Board member must inform the Supervisory Board of any such conflicts without delay. The Supervisory Board reports any conflicts of interest and the manner of handling them to the annual shareholders' meeting (for information on conflicts of interest arising in fiscal year 2009, see the Report of the Supervisory Board on page 107 and the Corporate Governance Report below).

Seats held by Management Board and Supervisory Board members on other supervisory boards

A summary of the seats held by the Management Board and Supervisory Board members of Axel Springer AG on other legally prescribed Supervisory Boards and/or comparable boards in Germany and abroad can be found on page 182.

Corporate Governance Report 2009

Further development of Corporate Governance

The new version of the German Corporate Governance Code adopted on June 18, 2009 contains a number of changes, most of which were necessitated by the Act on the Appropriateness of Management Board Compensation (VorstAG), which entered into force in August 2009. These changes are the following:

- Section 3.8 of the GCGC now prescribes quantitative requirements for the deductible of Management Board members under D&O insurance. That deductible must be at least equal to 10 % of the insured loss; the maximum limit must be at least one and a half times the fixed annual compensation. A corresponding deductible should be stipulated for members of the Supervisory Board as well.

- According to Section 4.2.2, the full Supervisory Board sets the total compensation of the individual Management Board members. In addition, the full Supervisory Board should adopt and regularly review the compensation for the Management Board. The appropriateness of the total compensation is to be assessed with respect to the duties of each individual member of the Management Board, his personal performance, and the economic situation of the company. If an outside compensation expert is consulted, care must be taken to ensure his independence.
- According to Section 4.2.3, the compensation structure must be geared to the objective of sustainable business development; as a rule, variable compensation components should be measured on the basis of results spanning several years, should take into account both positive and negative developments, and should not induce the members of the Management Board to take inappropriate risks.
- Section 4.2.4 was updated to reflect the legal requirements relative to the itemized disclosure of Management Board compensation.

Other changes pertain to the Supervisory Board. With regard to the composition of the Management Board and the proposals made for the election of Supervisory Board members, the Supervisory Board should give due consideration to the principle of diversity. Management Board members may not be elected to the company's Supervisory Board until two years after the expiration of their term of office as Management Board members, unless they are elected at the proposal of shareholders representing more than 25 % of the voting rights in the company. In this latter case, a former Management Board member should be appointed as the Chairman of the Supervisory Board only in exceptional cases, which must be justified to the annual shareholders' meeting. In addition, it is recommended that the Chairman of the Audit Committee should be independent and not a former member of the company's Management Board whose term of office there ended less than two years previous to their new appointment.

Axel Springer adheres to the new legal requirements and recommendations of the German Corporate Governance Code, with the reservation that the new regulations and recommendations concerning the deductible under D&O insurance will be implemented in mid-2010. In view of the fact that considerable parts of the long-term variable compensation elements had been newly introduced in fiscal year 2009, a review of the compensation system of the Management Board by the full Supervisory Board did not appear to be necessary. In the future, however, the Supervisory Board intends to review the compensation system of the Management Board in its full session on a regular basis again, as in prior years, in accordance with the recommendation of the Code. For information on other exceptions to the recommendations of the Code, please refer to the Declaration of Conformity of December 2009.

Conflicts of interest

No conflict of interest arose for any member of the Management Board in 2009. In the Supervisory Board, two conflicts of interest arose in 2009, which are described in the following. In July 2009, the Supervisory Board deliberated on the conclusion of a settlement agreement between Axel Springer AG and Hellman & Friedman. The subject of this agreement was the waiver by the company of its right to exercise a call option to purchase 62,300 shares in the company from Hellman & Friedman in connection with the Management Participation Program. In exchange, Axel Springer received a cash settlement. To avoid any possible conflicts of interest, Supervisory Board member Brian Powers did not participate in the voting. Acting on the recommendation of the Personnel Committee, the Supervisory Board voted to approve, in December 2009, the cash settlement of the share options held by the eligible Management Board members in connection with the Management Participation Program 2004, which would expire in December 2009, and an agreement with Hellman & Friedman to amend the call option agreement of April 8, 2004. Also in this matter, Brian Powers abstained from voting in order to avoid any possible conflicts of interest. No further conflicts of interest arose for members of the Supervisory Board in fiscal year 2009.

Shareholders and annual shareholders' meeting

The annual shareholders' meeting of Axel Springer AG is the central governing authority in which the shareholders exercise their rights and cast their votes. Every share confers the right to cast one vote in the annual shareholders' meeting. Those shareholders who are registered in the share register and have registered for the meeting in time are entitled to vote. The Chairman of the Supervisory Board also chairs the shareholders' meeting. To make it easier for shareholders to exercise their prerogatives at the annual shareholders' meeting, their votes can be cast by authorized representatives. In particular, Axel Springer AG designates a voting proxy whom shareholders can elect to exercise their voting rights according to their instructions at the annual shareholders' meeting. All required reports and documents are made available to the shareholders prior to the meeting, also by posting them on the company's website.

The annual shareholders' meeting specifically reaches decisions concerning the utilization of the unappropriated net profit, the ratification of the actions of the Management Board and Supervisory Board, the election of the Supervisory Board, the selection of the independent auditor, and other matters reserved for them by law, such as corporate actions regarding changes in capital and other amendments to the Articles of Incorporation. The resolutions of the annual shareholders' meeting require a simple majority of the votes cast, unless another majority is prescribed by law or by the company's Articles of Incorporation. The Articles of Incorporation can be viewed at the company's website at www.axelspringer.de/articlesofassociation.

Transparency

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

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

Shareholdings and directors' dealings

At the balance sheet date of December 31, 2009, the Management Board members of the company directly or indirectly held 429,684 shares of Axel Springer AG. Of that number, 373,449 shares were held indirectly by Dr. Mathias Döpfner via the company Brilliant 310. GmbH. The remaining 56,235 shares are held directly by the Management Board members (including Dr. Mathias Döpfner). The Management Board members eligible under the Management Participation Program 2004 and in office as of December 31, 2009, also hold options to purchase up to 214,312 additional shares of Axel Springer AG based on the Management Participation Program 2004 and subject to its terms.

At the balance sheet date, the Supervisory Board members directly or indirectly held a total of 20,511,437 shares of Axel Springer AG. Dr. h.c. Friede Springer held 17,000,010 shares indirectly via the companies Friede Springer GmbH & Co. KG and Axel Springer Gesellschaft für Publizistik GmbH & Co., and 2,308,980 shares directly. Michael Lewis held another 1,190,447 shares indirectly via the companies Good Media Investment Holdings S.à r.l. and TriAlpha Oceana Concentrated Opportunities Fund Ltd. Another 10,000 shares were held by Dr. Giuseppe Vita and 2,000 shares by Mr. Oliver Heine.

Preparation and auditing of the financial statements

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

The Management Board of Axel Springer AG is responsible for preparing the consolidated financial statements. The independent auditor audits the consolidated financial statements. Axel Springer publishes the consolidated financial statements within 90 days and the quarterly reports within 45 days of the respective period ending dates.

The company makes full use of the allowed options to present some of the required disclosures in a list of equity holdings, rather than in the notes to the financial statements and the notes to the consolidated financial statements. The list of equity holdings contains the legally prescribed disclosures. To the extent that it is possible to omit the disclosure of equity and profit-or-loss information, such disclosures are omitted.

Dealings with shareholders that are to be classified as related parties within the meaning of the applicable financial accounting regulations are disclosed in the notes to the consolidated financial statements.

In accordance with the German Corporate Governance Code, it was agreed with the independent auditor that the latter will inform the Chairman of the Supervisory Board or the Audit Committee without delay of any circumstances arising during the course of the audit that would constitute grounds for disqualification or partiality. It was also agreed that the independent auditor will immediately report any matters and events arising during the course of the audit that fall within the purview of the Supervisory Board. It was further agreed that the independent auditor would inform the Chairman of the Audit Committee or make an observation in the audit report if he discovered any facts during the course of the audit that would contradict the Declaration of Conformity by the Management Board and Supervisory Board according to Section 161 AktG.

Actions for nullification and disclosure, both ongoing and ended in fiscal year 2009

On May 24, 2006, Dr. Oliver Krauß filed an action to nullify the resolutions of the annual shareholders' meeting of April 27, 2006 relating to Agenda Item 3 (Ratification of the actions of the Management Board), Agenda Item 4 (Ratification of the actions of the Supervisory Board), and Agenda Item 6 (Authorization to purchase and use the company's own shares according to Section 71 (1) (8) AktG). Pomoschnik Rabotajet GmbH joined the action before the Berlin Regional Court (Case No. 23 U 88/07) on the side of the plaintiff. Following the oral proceedings of April 26, 2007, the Berlin Regional Court dismissed the action and assigned the costs to the plaintiff. On June 12, 2007, the plaintiff filed an appeal with the Berlin Appellate Court against this judgment of the Berlin Regional Court (Case No. 93 O 88/07). The appeal was denied and the costs were assigned to the appellant by the judgment of May 26, 2008. The appeal against this denial of appeal was allowed only to a limited extent, with regard to Agenda Item 4 (Ratification of the actions of the Supervisory Board). Thereupon, the plaintiff filed an appeal with the Federal Supreme Court against the judgment of the Berlin Appellate Court (Case No. II ZR 174/08) and, to the extent that the appeal was not allowed, the appellant also filed an appeal against denial of leave to appeal. The Federal Supreme Court completely allowed the appeal against denial of leave to appeal by judgment of April 6, 2009. In its ruling of September 21, 2009, the Federal Supreme Court set aside the appellate judgment of the Berlin Appellate Court of May 26, 2008 to the extent that the action for nullification of the ratification resolutions of the annual shareholders' meeting of April 27, 2006 had been dismissed. The Federal Supreme Court declared the corresponding resolutions (Agenda Items 3 and 4) to be void because the originally correct Declaration of Conformity issued by the Management Board and Supervisory Board in December 2005 had become incorrect in accordance with Section 161 (1) AktG (old version) with respect to conformity with the recommendation set forth in Section 5.5.3 of the German Corporate Governance Code, in that the disclosure of a conflict of interest had been accidentally omitted in the report of the Supervisory Board to the annual shareholders' meeting. In all other respects, the Federal Supreme Court dismissed the action for nullification. Therefore, the resolutions on the ratification of the actions of the Management Board and Supervisory Board for fiscal year 2005 will be repeated at the annual shareholders' meeting in 2010.

On May 18, 2007, Dr. Oliver Krauß filed an action to nullify the resolutions of the annual shareholders' meeting of April 19, 2007 relating to Agenda Item 3 (Ratification of the actions of the Management Board), Item 4 (Ratification of the actions of the Supervisory Board), and Item 8 (Special authorization to purchase and use the company's own shares according to Section 71 (1) (8) AktG in connection with the Management Participation Program). Mr. Frank Scheunert joined this action pending before the Berlin Regional Court (Case No. 95 O 51/07) on the side of the defendant. By judgment of November 1, 2007, the action was dismissed and the costs were assigned to the plaintiff. Dr. Krauß filed an appeal with the Berlin Appellate Court against the judgment of dismissal (Case No. 23 U 188/07). The appeal was denied and the costs were assigned to the appellant in the oral proceedings of July 7, 2008. An appeal against the denial of appeal was not allowed. Also in this matter, the plaintiff filed an appeal against denial of leave to appeal with the Federal Supreme Court (Case No. II ZR 223/08), which the Federal Supreme Court dismissed by judgment of September 21, 2009. Thus, the dismissal of the appeal is now unappealable.

By way of an action for disclosure according to Section 132 AktG of May 8, 2008, Dr. Oliver Krauß filed a motion to place the Management Board under the obligation to provide information about his questions that were allegedly not answered at the 2008 annual shareholders' meeting. The oral proceeding before the Berlin Regional Court (Case No. 90 O 40/08) took place on October 27, 2008. In a partial ruling of the same date, the competent division for commercial matters of the Berlin Regional Court found the action for disclosure to be partially resolved in the main issue and dismissed the action for disclosure with respect to the majority of the questions in dispute. In its final ruling of December 22, 2008, the Berlin Regional Court dismissed the action for disclosure also with respect to the remaining questions in dispute. The plaintiff filed an appeal with the Berlin Appellate Court against the partial judgment of October 27, 2008 and against the final ruling of December 22, 2008) (combined Case No. 23 W 69/08). By judgment of July 16, 2009, the Berlin Appellate Court dismissed the appeals in full. On July 30, 2009, the plaintiff filed a plea of remonstrance against this judgment, which the Berlin Appellate Court dismissed, with assignment of costs to the plaintiff, by judgment of November 2, 2009. Thus, the dismissal of the appeal is now unappealable.

On May 20, 2008, Dr. Oliver Krauß filed another action to nullify the resolutions of the annual shareholders' meeting of April 24, 2008 relating to Agenda Item 2 (Utilization of the unappropriated net profit), Agenda Item 3 (Ratification of the actions of the Management Board), Agenda Item 4 (Ratification of the actions of the Supervisory Board), and Agenda Item 7 (Special authorization to purchase and use the company's own shares according to Section 71 (1) (8) AktG in connection with the Management Participation Program). On May 26, 2008, moreover, the shareholder Klaus Zapf filed an action to nullify, or failing that, to annul the resolution of the annual shareholders' meeting of April 24, 2008 relating to the Agenda Item 3 (Ratification of the actions of the Management Board). The Berlin Regional Court combined the two actions into one (Case No. 98 O 49/08). The shareholders Oliver Wiederhold, Gastro Beteiligungs AG and SCI AG joined the action on the side of the defendant. The Berlin Regional Court dismissed both actions in full on March 17, 2009. The plaintiff Dr. Oliver Krauß filed an appeal with the Berlin Appellate Court against this judgment (Case No. 23 U 63/09), while the plaintiff Klaus Zapf did not pursue the matter further. The oral proceeding before the Berlin Appellate Court was held on January 25, 2010. The date of announcement of the decision has been set for February 25, 2010. By order issued on February 25, 2010, the Berlin court of appeal set a continuation and evidence-taking trial date for May 3, 2010.

By way of an action for disclosure according to Section 132 AktG of May 6, 2009, Dr. Oliver Krauß filed a motion to place the Management Board under the obligation to provide information about his questions that were allegedly not answered at the 2009 annual shareholders' meeting. The action had been pending before the Berlin Regional Court (Case No. 93 O 46/09), which dismissed the action for disclosure in full without an oral proceeding by its judgment of January 5, 2010, and did not allow an immediate appeal. Thus, the dismissal of the action for disclosure is now unappealable.

On May 21, 2009, Dr. Oliver Krauß filed another action to nullify the resolution of the annual shareholders' meeting of April 23, 2009 relating to Agenda Item 7 (special authorization to purchase and use the company's own shares according to Section 71 (1) (8) AktG in connection with the Management Participation Program), and the elections of Dr. h. c. Friede Springer and Mr. Brian Powers to the Supervisory Board of the company (Agenda Item 8). Furthermore, Dr. Krauß filed a declaratory motion to establish that the company is obligated to make available to him, in his capacity as a shareholder of the company, a copy of parts of the "stenographic record from its question-recording and question-answering system," that include his questions and comments and the information provided to him by the company in return. The proceeding is currently pending before the Berlin Regional Court (Case No. 95 O 52/09). The shareholders SCI AG and Oliver Wiederhold joined the action on the side of the defendant. The oral proceeding took place on February 25, 2010; the date of announcement of the decision has been set for March 29, 2010.

Compensation report

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

Management Board

In fiscal year 2009, as in prior years, the Personnel Committee of the Supervisory Board of the company resolved on the compensation system for the Management Board, including the main contractual elements. In the future, however, the Supervisory Board intends to resolve on the Management Board compensation system in its full session, in accordance with the amended legal requirements and the recommendation of the German Corporate Governance Code (the Code). The full session of the Supervisory Board did not review the compensation system in fiscal year 2009. In view of the fact that considerable parts of the long-term variable compensation elements had been newly introduced in fiscal year 2009, such a review did not appear to be necessary. In the future, however, the Supervisory Board intends to review the compensation system of the Management Board in its full session on a regular basis again, as in prior years, in accordance with the recommendation of the Code. In accordance with the requirements of the VorstAG and the recommendations of the German Corporate Governance Code, the compensation of Management Board members consists of fixed and variable elements. The variable compensation elements are composed of a cash component and long-term, share-based compensation components. Every compensation component is appropriate in itself and also in their entirety. The criteria applied for assessing the appropriateness of the total compensation are the duties of each individual member of the Management Board, his or her personal performance, and the economic situation of the company, as well as the success and future prospects of Axel Springer. Due consideration is given also to our industry environment. No outside compensation experts were consulted in fiscal year 2009.

The **fixed compensation** consists of the fixed annual salary; in addition, the members of the Management Board receive a company car and security expenditures as ancillary benefits. The fixed annual salary is set for the full term of an employment contract and is paid in twelve monthly installments. It is determined, among others, on the basis of the duties of each individual member of the Management Board and the current economic situation, success, and future prospects of the Group.

The **variable compensation** element in the form of a cash component is limited as to the maximum amount. It is determined on the basis of the individual board member's performance, both with regard to individual goals and Group goals, which consist of the consolidated EBITDA, the Group-wide customer satisfaction index, the revenues of the Digital Media segment, and EBITDA of the Digital Media segment. For that purpose, the Group goals are adopted by the Supervisory Board for every fiscal year. The individual goals applied to measure the performance of the individual board member are determined by agreement between the Supervisory Board Chairman and the respective Management Board member; the Supervisory Board Chairman also adopts the goal fulfillment for the cash component in agreement with the Management Board member.

Long-term variable compensation components exist in the form of two share-based compensation elements, the Management Participation Program established in 2004, and a Virtual Share Options Program established in 2009.

Management Participation Program: In 2004, the members of the Management Board purchased a total of 62,300 shares of Axel Springer AG. The purchased shares were subject to a multi-year holding period, which lapsed for 50 % of the purchased shares on December 18, 2007 and for 50 % of the purchased shares on December 18, 2008. In conjunction with this personal investment on their part, the members of the Management Board were granted share options for the purchase of originally up to 498,400 shares. The number of exercisable options was dependent on the achievement or over-achievement of certain EBITA targets in fiscal years 2005 and 2006. These targets were surpassed. At the grant date in 2004, the value of the options was € 16.018 million. The imputed compensation component for 2009 was € 0 thousand (PY: € 406 thousand). In total, 34,888 options were exercised in 2009. On December 17, 2009, the eligible Management Board members waived their right to exercise 214,312 options and received in exchange a claim to payment of a cash settlement of € 12.00 per option. The cash settlement, which was paid in January 2010, amounted to € 2,572 thousand, which was € 4,329 thousand less than the fair value of the corresponding options at the grant date. As of December 31, 2009, therefore, 249,200 share options were still outstanding. For more information on the Management Participation Program, please also refer to the comments in Note (13f) of the notes to the consolidated financial statements, as well as the statements made in the Declaration of Conformity pursuant to Section 161 AktG on page 94, and the detailed description of the Management Participation Program at www.axelspringer.de/managementshare program.

Virtual Share Option Plan: Effective July 1, 2009, 375,000 virtual share options were issued to the members of the Management Board. The virtual share options have a life of six years, i.e., until June 30, 2015, and can be exercised at the earliest after four years, i.e., on July 1, 2013. Provided that the Management Board employment contract or appointment to the Management Board remained in effect at least until June 30, 2013, all virtual share options granted to the Management Board member can become vested. If a member resigns from the Management Board after June 30, 2010, but before July 1, 2013, the virtual share options granted to him will be vested only pro rata temporis in proportion to the four-year vesting period. Other vesting conditions include performance and outperformance hurdles in relation to the share price of the Axel Springer share. The share options can be exercised only when the average share price of Axel Springer AG will have been at least 30% higher than the baseline value of € 60.86 during the 90 calendar days prior to exercising the share options and if the percentage increase in the share price of the Axel Springer share will have exceeded the percentage increase in the DAX stock market index over the same period. Every share option embodies a claim to payment of an amount equal to the appreciation of the Axel Springer share, but limited to a maximum amount of € 121.72; this amount is the difference between the volume-weighted average share price during the 90 calendar days prior to exercise of the share options and the baseline value. The Management Board members are obligated to hold one Axel Springer AG share for every 10 share options as a personal investment. Disposition of these shares prior to exercise of the options will lead to the forfeiture of the share options, in the proportion of one share for every 10 share options. At the grant date, the value of the virtual share options was € 4,743 thousand. In fiscal year 2009, the imputed compensation component was € 1,460 thousand. For more information on the subject of the Virtual Share Option Plan, please also refer to our comments in Note (13f) of the notes to the consolidated financial statements.

Contractual pension commitments have been extended to most members of the Management Board. Pension payments commence at the end of the 62nd year of life of the respective Management Board member, if that member no longer serves on the board at that time. In the event of an earlier departure from the company, the Management Board member will have a vested right to pension payments in proportion to his length of service with the company, provided that he will have worked for the company for at least five years. Payments are also due in the event of completely reduced earnings capacity lasting for an indefinite period of time.

Most members of the Management Board are entitled to cancel their employment contracts in the event of 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 base salary. Furthermore, the company will pay the performance-based compensation at the pro-rated percentage 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 termination of the employment contract due to a change of control.

The total compensation of the Management Board in **fiscal year 2009** amounted to € 17.7 million (PY: € 13.1 million). The fixed salaries amounted to

€ 8.9 million (PY: € 8.2 million); this figure includes an amount of € 426 thousand for ancillary benefits (company car and security expenses). The total variable compensation for the same period amounted to € 8.8 million (PY: € 4.9 million). The imputed compensation component in connection with the long-term share-based compensation (Management Participation Program 2004 and Virtual Share Option Plan) totaled € 1,460 thousand (PY: € 406 thousand). Neither this amount nor the cash settlement of € 2,572 thousand paid in January 2010 in exchange for the waiver of exercise of share options in connection with the Management Participation Program are included in the above-mentioned total compensation.

In connection with the pension rights granted to Management Board members, the pension provisions increased by an amount of € 736 thousand (PY: € 897 thousand). No loans or advances were extended to members of the Management Board in fiscal year 2009.

Axel Springer AG does not disclose the total compensation of each named member of the Management Board itemizing his name because Sections 314 (2) and 286 (5) HGB expressly state that such itemized disclosure is not required if a qualified majority of the annual shareholders' meeting resolves to withhold disclosure. The annual shareholders' meeting of Axel Springer AG held on April 27, 2006 passed such a resolution with the requisite majority. The reason for non-disclosure is the fact that Axel Springer AG's competitors also do not disclose their compensation on an itemized basis.

Supervisory Board

The compensation is determined by the annual shareholders' meeting and regulated in Article 16 of Axel Springer AG's Articles of Incorporation. Accordingly, the compensation is comprised of fixed and variable components. The Supervisory Board receives a fixed annual salary of € 2.0 million. In addition, it also receives compensation in the amount of € 1 thousand for every cent (€ 0.01) of the dividend per share in excess of € 0.15, or a minimum of 4.0 % of share capital per share, distributed to shareholders. The Supervisory Board also receives compensation in the amount of € 300 thousand if the basic earnings per share for the fiscal year (based on the share of the company's shareholders in consolidated net income) exceeds the basic earnings per share of the third previous fiscal year calculated in the same manner by 15 % or more.

For fiscal years in which no positive consolidated net income can be applied as a reference benchmark, an amount of € 3.00 per share will be applied as the reference benchmark for calculating the increase in the fiscal year net income. For fiscal years that close with a consolidated net loss, only the fixed compensation of € 2.0 million will be paid. The Supervisory Board decides how the aforementioned amounts are distributed among its members, with adequate consideration of its members' activities as Chairman and in the committees.

The Supervisory Board received total compensation of approximately € 2.4 million (PY: € 2.7 million) for its work in **fiscal year 2009**. The variable compensation of € 425 thousand (PY: € 725 thousand) was determined on the basis of the dividend proposed by the Management Board and Supervisory Board; therefore, it is subject to the reservation of a corresponding resolution by the annual shareholders' meeting. The prior-year variable compensation in the total amount of € 725 thousand was composed of an amount of € 425 thousand based on the paid dividend of € 4.40 and another amount of € 300 thousand, due to the fact that the undiluted earnings per share for fiscal year 2008 had exceeded the undiluted earnings per share calculated in the same manner for the third-to-last fiscal year by 15 % or more. This precondition was not met in the case of the undiluted earnings per share for fiscal year 2009.

In addition, the company reimburses every member of the Supervisory Board for his or her expenses and for the valued-added tax payable on their compensation. The company pays the premium for the D&O insurance taken out for members of the Supervisory Board. One member of the Supervisory Board is paid an annual professional fee of € 125 thousand for his services as an author.

By way of exception to Section 5.4.6 (6) and (7) of the Code, the itemized compensation paid to individual members of the Supervisory Board and the itemized compensation paid in respect of personally rendered services is not presented in the Corporate Governance Report because the competitors of Axel Springer AG also do not disclose such information.

Report of the Supervisory Board

In fiscal year 2009, the Supervisory Board worked closely with the Management Board in a spirit of trust and confidence, and supervised the management of the company in accordance with applicable laws and regulations, the company's Articles of Incorporation, and the principles of good corporate governance. 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 information and consultation meetings on a regular basis.

The Supervisory Board discussed with the Management Board all matters of crucial importance for the company, including the company's business plan, business strategy, larger capital expenditure projects, and personnel matters. Furthermore, the Supervisory Board discussed significant individual 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.

At the regular annual shareholders' meeting for 2009, which was held on April 23, 2009, the Supervisory Board was completely re-elected without personnel changes; directly thereafter, Dr. Vita was confirmed as the Supervisory Board Chairman and Dr. Springer as the Supervisory Board Vice Chairwoman. The Supervisory Board held a total of five meetings in 2009; four meetings (including the constitutive meeting of April 23, 2009) were held in the first half and one meeting in the second half of the calendar year. One member attended fewer than half the meetings of the Supervisory Board and was excused for those absences.

In July 2009, the Supervisory Board deliberated by way of written correspondence on the conclusion of a Settlement Agreement between Axel Springer AG and Hellman & Friedman. The subject of this agreement was the waiver by the company of its right to exercise a call option for the purchase of 62,300 shares in the company from Hellman & Friedman in connection with the Management Participation Program 2004 for the Management Board; in exchange, Axel Springer received a cash settlement. To avoid any possible conflicts of interest, the Supervisory Board member Brian Powers, Managing Director of Hellman & Friedman, abstained from voting. Acting on the recommendation of the Personnel Committee, the Supervisory Board voted to approve, in December 2009, the cash settlement of the share options held by the eligible Management Board members under the Management Participation Program 2004, which expired in December 2009, and an agreement with Hellman & Friedman to amend the call-option agreement of April 8, 2004. Also in this matter, the Supervisory Board member Brian Powers abstained from voting in order to avoid any possible conflicts of interest. No further conflicts of interest arose for members of the Supervisory Board in fiscal year 2009.

As part of its deliberations in fiscal year 2009, the Supervisory Board focused especially on evaluating the business strategy of Axel Springer AG, under which the company has consistently pursued the goals of "market leadership in the German-language core business," "internationalization," and "digitization" since 2001. With reference to a Management Board presentation, the Supervisory Board in this context focused in particular on the steps taken to build the digital business and generate multimedia growth, especially by means of monetization strategies centered on the core competencies of the company.

In addition, the Supervisory Board deliberated on the parent company's financial statements and on the consolidated financial statements of the Group at December 31, 2008, the agenda for the annual shareholders' meeting held in 2009, and the introduction of a central compliance organization for the entire Axel Springer Group, which had been resolved by the Management Board. The Supervisory Board also discussed and approved the sale of the regional newspaper investments, among other topics. The Supervisory Board adopted a resolution on the Declaration of Conformity for 2009 in December 2009. Furthermore, the Supervisory Board reviewed the efficiency of its own work by means of a self-evaluation and found its work to be orderly and efficient. In early February 2010, the Supervisory Board approved the 2010 finance plan presented by the Management Board.

On March 10, 2009, the Supervisory Board of Axel Springer AG appointed Lothar Lanz as a new member of the Management Board, charged with responsibility for the Management Board division "Finance and Services," effective May 1, 2009. He took the place of Steffen Naumann, who left Axel Springer AG as of that date after more than seven years of successful service to the company. The Supervisory Board wishes to thank Mr. Naumann again for his successful service to the company. In connection with the appointment of Mr. Lanz to the Management Board and the assignment of the compliance organization to the CFO, the Supervisory Board adopted an updated division of managerial responsibilities.

Corporate Governance

In December 2009, 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 the recommendations of the German Corporate Governance Code. The Declaration of Conformity, along with an explanation of the few exceptions to the recommendations, can be found on page 94 of the Annual Report.

Additional information on corporate governance in the Axel Springer Group may be found in the joint Corporate Governance Report of the Management Board and Supervisory Board, which is reproduced on page 99 as part of the Declaration on Corporate Governance

Committees of the Supervisory Board

In the interest of performing its duties in an efficient manner, the Supervisory Board has formed an Executive Committee, a Personnel Committee, an Audit Committee, and a Nominating Committee. The Chairman of the Supervisory Board is the Chairman of the Executive Committee, the Personnel Committee, the Audit Committee, and the Nominating Committee.

The Executive Committee, which is responsible for fundamental matters related to publishing and for matters of strategy, business planning, capital expenditures, and financing, among other matters, notwithstanding the general responsibility of the full Supervisory Board, held six meetings in 2009. Aside from personnel-related matters, the deliberations and resolutions of this committee were devoted in particular to the decisions concerning the acquisition or sale of companies or investments in companies, including for example the acquisition of a minority interest in the joint venture Infor Biznes Sp. z o.o., Warsaw/Poland, a majority interest in Digital Window Ltd, London/Great Britain, and the acquisition of StepStone ASA, Oslo/Norway, along with the subsequent squeeze-out, as well as the sale of the company's investments in Westfalen-Blatt Vereinigte Zeitungsverlage GmbH and Family Media GmbH & Co. KG, and the sale of the titles Mädchen, Popcorn, and Jolie by the subsidiary AS Mediahouse GmbH. The Executive Committee also dealt with the investment in Doğan TV. In addition, it deliberated on the bonus share and share ownership program for employees and managers. Furthermore, the Executive Committee adopted resolutions on the decisions to grant approval to the transfer of shares of Axel Springer AG, in accordance with Article 5 para. 3 of the company's Articles of Incorporation.

Until August 5, 2009, when the Appropriateness of Management Board Compensation Act (VorstAG) entered into force, the Personnel Committee had been responsible in particular for the conclusion, amendment, and termination of employment contracts with members of the Management Board. Since that date, the Personnel Committee's role in such matters concerning the determination or modification of the Management Board compensation has been limited to preparation.

The Personnel Committee held four meetings in fiscal year 2009. It dealt with matters of Management Board personnel, among other matters, and recommended to the Supervisory Board, among other things, that Mr. Lothar Lanz be appointed as a new member of the Management Board charged with responsibility for Finance and Services, and that the Management Board members Rudolf Knepper and Dr. Andreas Wiele be reappointed to the Management Board. Prior to the effective date of the VorstAG, moreover, the Personnel Committee dealt with the Management Board compensation system and resolved to introduce a new Management Participation Program for the Management Board; after the VorstAG entered into force, the Personnel Committee dealt with the (old) Management Participation Program 2004 and recommended to the Supervisory Board that the share options held by the eligible members of the Management Board under the Management Participation Program 2004, which expired in December 2009, be settled by means of a cash settlement.

The Audit Committee kept itself informed of the status, scope, execution, and results of the audit of the separate financial statements of the parent company and the consolidated financial statements of the Group for 2008, prepared the decisions of the Supervisory Board on the adoption of the separate financial statements and the approval of the consolidated financial statements, reviewed the interim financial statements and interim reports, clarified questions related to the independent auditor, kept itself informed about the investment in Doğan TV, and also kept itself informed about the risk management system and the activities of the Internal Audit Department. The Audit Committee held five meetings in 2009. By resolution of the Supervisory Board at its constitutive meeting of April 23, 2009, the number of its members was extended from three to four.

The Nominating Committee met once in preparation for the Supervisory Board elections at the annual shareholders' meeting in 2009 and prepared the Supervisory Board's proposals regarding those elections to be presented to the annual shareholders' meeting.

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

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, audited the annual financial statements of the parent company and the consolidated financial statements of the Group, prepared by the Management Board as well as the management report for the parent company and the consolidated management report for the Group, for the fiscal year 2009, and provided them with an unqualified audit opinion in each case. In connection with the audit, the independent auditor also noted in summary that the Management Board has implemented a risk management system that fulfills the statutory requirements, and that this system is basically suitable for the early detection of any developments that could endanger the company's survival as a going concern.

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

The documents were discussed extensively in the presence of the independent auditor in the meetings of the Audit Committee of February 24, 2010 and March 9, 2010. At these meetings, the independent auditor reported on the principal findings of his audit. No deficiencies in the internal control and risk management system, as it relates to the financial accounting process, were noted. No circumstances that would cast doubt on the impartiality of the independent auditor arose. Furthermore, the independent auditor did not render any services other than the audit of financial services.

The Audit Committee reported on the results of its examination to the full Supervisory Board. At its meeting of March 9, 2010, the Supervisory Board reviewed the documents in question, having noted and duly considered this report of its committee and the report of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, and having discussed them with the independent auditor, who was in attendance.

The Supervisory Board acknowledged and approved the audit results. Based on the results of its own review, the Supervisory Board had no objections to raise. The Supervisory Board approved the annual financial statements of the parent company and the consolidated financial statements of the Group as well as the management report of the Axel Springer AG and of the Axel Springer Group that were prepared by the Management Board, as well as the management report and the consolidated management report for the Group. As a result, the 2009 annual financial statements of Axel Springer AG were officially adopted.

The Supervisory Board also reviewed the proposal of the Management Board concerning the utilization of the 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 parties 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 GmbH Wirtschaftsprüfungsgesellschaft. 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 the report of the Management Board on the dealings with related parties pursuant to Section 312 AktG and the independent auditor's report on this subject. At the Supervisory Board meeting of March 9, 2010, the independent auditor also reported orally on the principal findings of his audit. The Supervisory Board acknowledged and approved the report of the independent auditor. Based on the final results of its own review, the Supervisory Board had no objections to raise with respect to the results of the audit report of the independent auditor or the Management Board's declaration on the report pursuant to Section 312 (3) AktG.

Thank you to the members of the Management Board and the employees of the company

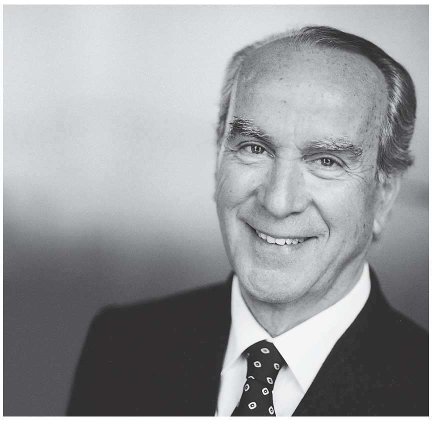
In closing, the Supervisory Board thanks the members of the Management Board and all employees for their outstanding work in the past fiscal year.

Berlin, March 9, 2010

The Supervisory Board

Dr. Giuseppe Vita
Chairman

Supervisory Board



Dr. Giuseppe Vita
Chairman

Dr. h.c. Friede Springer
Vice Chairwoman

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

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

Klaus Krone
Member of the Supervisory Board of Axel Springer AG

Prof. Dr. Wolf Lepenies
University professor

Michael Lewis
Investment Manager

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

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

"Freedom, when rightly understood—not freedom from something but freedom for something—is a rock-solid part of my publishing creed."

Axel Springer, 1978

People have fought for freedom throughout history. They have struggled for racial equality, against the indiscriminate exercise of government authority, and for civil and human rights.

What follows is a brief selection of themes from the extensive holdings of ullstein bild, the photo agency of Axel Springer AG. They are reminders of great pursuits of freedom that made headlines in history.

Ich bin ein Berliner!

BILD, JUNE 27, 1963

The Berlin Wall was not yet two years old, the world had hardly caught its breath following the Cuban Missile Crisis, and Cold War tensions were at a high. This was the situation when U.S. President John F. Kennedy gave the hope of freedom to the half-city of West Berlin by his visit. And he made history when he said, “All free men, wherever they may live, are citizens of Berlin, and, therefore, as a free man, I take pride in the words ‘Ich bin ein Berliner’!”

“Apartheid” stands for a segregation policy that not only separates races but devalues people with dark skin. A man who paid for his fight to overcome racism with decades of imprisonment became a symbol of resistance to this dehumanizing ideology and practice: the later Nobel Peace Prize winner Nelson Mandela.


Nelson Mandela nach 27 Jahren wieder frei

Augenblick, auf den die Welt wartete“ / Jubel in Südafr

DIE WELT, FEBRUARY 12, 1990
“Nelson Mandela free again after 27 years”

There was unrest in Warsaw Pact countries in 1953 in East Germany, Hungary in 1956, Czechoslovakia in 1968. And each time, it was put down by force of arms. When workers at the Gdansk Shipyards started striking in 1980 under the leadership of electrician Lech Walesa, there was no reason to think that things would turn out any differently. But it was the beginning of a great geopolitical transformation.

Polen

Dramatische Zuspitzung! Streikende Arbeiter fordern jetzt: Laßt alle politischen Gefangenen frei! Schluß mit der Zensur! Schafft endlich die Vergünstigungen für Funktionäre ab!

B.Z., AUGUST 18, 1980
"Poland
Dramatic escalation! Striking workers now demand: Release all political prisoners! End censorship! Abolish perks for party officials!"

Bei wem wird Gandhi wohnen?

Ein Heiliger naht einer unheiligen Stadt / Von Rom Landau

Am kommenden Sonnabend wird Mahatma Gandhi in London erwartet. Von Folkestone aus wird er den Weg bis London im Auto zurücklegen. Aller Wahrscheinlichkeit nach ist diese Reise im Auto aus Gründen der persönlichen Sicherheit für Gandhi beschlossen worden. Zum offiziellen Empfang sind 1400 Einladungen ergangen. Bei der bekannten Schaulust des englischen Publikums ist unvorstellbar, welch ungeheure Massen sich einfinden werden.

B.Z. AM MITTAG, SEPTEMBER 10, 1931
"Where will Gandhi stay?
A holy man approaches an unholy city"

Regarding Dürer's portrait of his haggard mother, Klaus Staeck once asked, "Would you rent a room to this woman?" When Mahatma Gandhi arrived in London to attend the constitutional conference for India, Ullstein's B.Z. apparently had similar misgivings. But sometimes intelligence and staying power are more important than clothes. This strategy ultimately led to victory in 1947 for the Indian independence movement.

BERLINER MORGENPOST, JUNE 18, 1953
"UPRISING SPREADS TO SOVIET SECTOR
BLOODY INCIDENTS IN BERLIN CLAIM SEVEN
CASUALTIES. NOW STATE OF EMERGENCY IN SOVIET
SECTOR—OPEN UPRISING AGAINST THE SOCIALIST
UNITY PARTY OF GERMANY"

Aufstand greift auf Zone über

Blutige Zwischenfälle in Berlin forderten mindestens sieben Todesopfer
Jetzt Ausnahmezustand im Sowjetsektor – Offener Aufruhr gegen die SED

Events were triggered by plans to increase work quotas by ten percent for the same pay. This was too much for construction workers at Berlin's Stalinallee. What started as a local protest on June 17th soon spread to large parts of East Germany. And the strike for fair wages became a popular uprising for German freedom and unity which the East German communist party put down with the aid of Soviet tanks. In the end there were over 6,000 arrests and 500 dead.

Der Zorn der Bürger wächst

Massendemonstrationen in den Städten

HAMBURGER ABENDBLATT, NOVEMBER 7, 1989
"Popular anger grows
Mass demonstrations in cities"

It was supposed to be a 40th anniversary celebration but turned out to be a swan song. East Germany's falsified election results in May 1989 stood out in truly unflattering contrast to the glasnost and perestroika of Gorbachev's Soviet Union. The bold actions of Poland's Solidarity movement also set a forceful example. East Germans gathered their courage. Long-simmering dissatisfaction erupted in open protest. In early November 500,000 people at Leipzig's weekly demonstration shouted, "We are the people!"

Farbige und Weiße Hand in Hand für Gleichheit

Kennedy begrüßte 200 000 Demonstranten

Washington, 29. Aug.

Machtvoll, friedlich und diszipliniert demonstrierten gestern in der amerikanischen Bundeshauptstadt Washington mehr als 200 000 Bürger der Vereinigten Staaten für die Gleichheit aller Menschen, welche Hautfarbe sie auch haben mögen. Zahlreiche Weiße, darunter Künstler und prominente Politiker, nahmen an diesem Marsch teil, zu dem die Führer der Farbigen in den USA aufgerufen hatten.

BERLINER MORGENPOST, AUGUST 29, 1963
"Blacks and whites hand in hand
for equality
Kennedy greets 200,000 demonstrators"

Substandard schools, off-limits park benches and discrimination in countless areas were facts of life for African-Americans into the 1960s, especially in the South. One man who led the protest against this injustice was Baptist minister Martin Luther King. "I have a dream," he proclaimed to 200,000 listeners in Washington. A vision of justice. Not long after, the U.S. Congress passed laws prohibiting political, legal, and social discrimination on the basis of race.

BILD, JUNE 6, 1989

"Beijing
Now they're shooting
at everything in sight"

Peking Jetzt schießen sie auf alles

Dienstag, 6. Juni 1989 · 60 Pf

Ideological disputes within the Communist Party, drastic price increases due to upheavals in the economic system, and the mounting pressure from lack of freedom were three forces that gave rise to the student democracy movement in post-Cultural Revolution China. But government leaders tired of public protests and hunger strikes; the occupation of Tiananmen Square in Beijing had to end. Some 2,600 civilians were killed when the protests were crushed. This photo by Charlie Cole became a symbol of the courage of the individual.

The twentieth anniversary of the fall of the Berlin Wall was the reason, and the fiftieth anniversary of the publishing house was the occasion for the unveiling of Stephan Balkenhol's sculpture "Balanceakt" in front of the headquarters of Axel Springer AG. It is a monument to the difficult path to Germany's unity in freedom. It's also a remembrance of Axel Springer's commitment to the self-determination of the German people.

BILD, MAY 26, 2009
“Unveiled!
The ‘Wall Walker’ of Berlin”

Consolidated Financial Statements

Auditor's Report

We have audited the consolidated financial statements prepared by the Axel Springer Aktiengesellschaft, Berlin, comprising the statement of financial position, the income statement, the statement of recognized income and expenses, the statement of cash flows, the statement of changes in equity, and the notes to the consolidated financial statements, together with the combined management report of the Axel Springer Group and of Axel Springer AG for the fiscal year from January 1 to December 31, 2009. The preparation of the consolidated financial statements and the combined management report of the Axel Springer Group and of Axel Springer AG in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report of the Axel Springer Group and of Axel Springer AG based on our audit.

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

Our audit has not led to any reservations.

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

Berlin, February 25, 2010

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Plett
Wirtschaftsprüfer
[German Public Auditor]

Glöckner
Wirtschaftsprüfer
[German Public Auditor]

Consolidated Statement of Financial Position

€ thousands

ASSETS	**Note**	**12/31/2009**	**12/31/2008***	**01/01/2008***
Non-current assets		**1,874,600**	**1,715,724**	**2,245,092**
Fixed assets		1,666,249	1,655,185	2,186,787
Intangible assets	(4)	835,438	737,964	704,707
Property, plant, and equipment	(5)	704,752	722,249	756,789
Investment property	(6)	31,704	29,663	27,369
Non-current financial assets	(7)	94,355	165,309	697,922
Investments accounted for using the equity method		59,702	129,993	639,371
Other non-current financial assets		34,653	35,316	58,551
Receivables from income taxes		39,829	44,457	46,511
Other assets	(11)	152,249	3,050	3,066
Deferred tax assets	(28)	16,273	13,032	8,728
Current assets		**1,059,702**	**1,093,341**	**1,579,953**
Inventories	(8)	31,900	44,225	37,990
Trade receivables	(9)	301,947	264,875	269,221
Receivables due from related parties	(10)	43,987	55,582	63,417
Receivables from income taxes		55,944	37,586	70,292
Other assets	(11)	70,364	62,001	110,281
Cash and cash equivalents	(31)	197,259	154,529	198,056
Assets held for sale	(12)	358,301	474,543	830,696
Total assets		**2,934,302**	**2,809,065**	**3,825,045**

*) Adjusted due to the change of the accounting policy for pension obligations.

€ thousands

EQUITY AND LIABILITIES	Note	12/31/2009	12/31/2008*	01/01/2008*
Equity	**(13)**	**1,196,848**	**1,067,702**	**1,215,363**
Shareholders of Axel Springer AG		1,145,206	1,025,134	1,134,269
Minority interests		51,642	42,568	81,094
Non-current provisions and liabilities		**966,087**	**1,041,871**	**1,504,255**
Provisions for pensions	(14)	310,415	296,026	294,468
Other provisions	(15)	39,327	14,062	20,936
Financial liabilities	(16)	383,801	512,432	930,149
Trade payables		1,536	1,743	519
Liabilities due to related parties	(17)	4,135	20	2,925
Other liabilities	(18)	58,987	51,331	78,493
Deferred tax liabilities	(28)	167,886	166,257	176,765
Current provisions and liabilities		**771,367**	**699,492**	**1,105,427**
Provisions for pensions	(14)	49,056	47,943	47,971
Other provisions	(15)	161,233	155,642	192,417
Financial liabilities	(16)	6,480	11,596	10,988
Trade payables		204,802	183,246	234,525
Liabilities due to related parties	(17)	22,213	24,498	39,860
Liabilities from income taxes		54,866	46,843	83,597
Other liabilities		272,717	229,724	237,522
Liabilities related to assets held for sale		0	0	258,547
Total equity and liabilities		**2,934,302**	**2,809,065**	**3,825,045**

*) Adjusted due to the change of the accounting policy for pension obligations.

Consolidated Statement of Comprehensive Income

€ thousands

Consolidated Income Statement	**Note**	**2009**	**2008**
Revenues	(20)	2,611,591	2,728,538
Other operating income	(21)	70,654	85,521
Change in inventories and internal costs capitalized		4,112	5,241
Purchased goods and services	(22)	–886,445	–945,374
Personnel expenses	(23)	–791,943	–722,457
Depreciation, amortization and impairments	(24)	–92,350	–112,088
Other operating expenses	(25)	–705,107	–697,335
Income from investments	(26)	212,141	407,755
Result from investments accounted for using the equity method		–18,369	–55,449
Other investment income		230,510	463,204
Financial result	(27)	–24,980	–61,547
Income taxes	(28)	–83,840	–117,187
Net income		**313,833**	**571,067**
Net income attributable to shareholders of Axel Springer AG		303,481	560,050
Net income attributable to minority interests		10,352	11,017
Basic earnings per share (in €)	**(29)**	**10.20**	**18.58**
Diluted earnings per share (in €)	**(29)**	**10.19**	**18.54**

€ thousands

Consolidated Statement of Recognized Income and Expenses	**Note**	**2009**	**2008**
Net income		**313,833**	**571,067**
Actuarial gains/losses from defined benefit pension obligations		–6,100	3,882
Currency translation differences		1,655	10,339
Changes in fair value of available-for-sale financial assets		6	–434,169
Changes in fair value of derivatives in cash flow hedges		–4,503	–11,334
Changes in revaluation surplus		–3,086	0
Other income/loss from investments accounted for using the equity method		–4,578	–12,318
Other income/loss	**(30)**	**–16,606**	**–443,600**
Comprehensive income		**297,227**	**127,467**
Comprehensive income attributable to shareholders of Axel Springer AG		286,824	116,500
Comprehensive income attributable to minority interests		10,403	10,967

Consolidated Statement of Cash Flows

€ thousands	Note	2009	2008
Net income		**313,833**	**571,067**
Reconciliation of net income to the cash flow from operating activities			
Depreciation, amortization, impairments, and write-ups of fixed assets		87,759	114,818
Result from investments accounted for using the equity method		18,369	55,449
Dividends received from investments accounted for using the equity method		11,728	32,166
Result from derecognition of fixed assets		–215,065	–438,565
Changes in non-current provisions		39,653	61
Changes in deferred taxes		–22,848	–17,475
Other non-cash income and expenses	(32)	–5,404	20,793
Changes in trade receivables		–12,094	4,802
Changes in trade payables		12,118	–50,453
Changes in other assets and liabilities		41,956	–27,548
Cash flow from operating activities		**270,005**	**265,115**
Proceeds from disposals of intangible assets, property, plant and equipment		220	4,266
Proceeds from disposals of consolidated subsidiaries and business units less cash and cash equivalents given up		8,695	5,960
Proceeds from disposals of other non-current financial assets		170,004	542,330
Purchases of intangible assets, property, plant, equipment and investment property		–38,941	–46,722
Purchases of shares in consolidated subsidiaries and business units less cash and cash equivalents acquired		–66,210	–162,740
Purchases of investments in other non-current financial assets		–18,729	–42,457
Cash flow from investing activities	**(32)**	**55,039**	**300,637**
Dividends paid to shareholders of Axel Springer AG		–130,604	–122,400
Dividends paid to other shareholders		–10,913	–6,053
Equity contributions		0	6,900
Re-issuance/Purchase of treasury shares		7,993	–73,532
Repayments of liabilities under finance leases		–74	–193
Proceeds from other financial liabilities		98,076	151,579
Repayments of other financial liabilities		–248,359	–568,493
Cash flow from financing activities		**–283,881**	**–612,192**
Cash flow-related changes in cash and cash equivalents		**41,163**	**–46,440**
Changes in cash and cash equivalents due to exchange rates		–196	779
Changes in cash and cash equivalents due to changes in companies included in consolidation		1,764	319
Cash and cash equivalents at beginning of period		**154,529**	**198,056**
Reclassification from held-for-sale assets		0	1,815
Cash and cash equivalents at end of period	**(31)**	**197,259**	**154,529**

€ thousands

Cash flows contained in the cash flow from operating activities	2009	2008
Income taxes paid	–117,393	–150,051
Income taxes received	11,941	48,971
Interest paid	–27,470	–27,096
Interest received	10,548	19,049
Dividends received	31,959	57,900

Consolidated Statement of Changes in Equity

€ thousands					Accumulated other comprehensive income						
						Changes in fair value					
	Subscribed capital	Additional paid-in capital	Accumu-lated retained earnings	Treasury shares	Currency translation	Available-for-sale financial assets	Deriva-tives in cash flow hedges	Other equity*	Share-holders of Axel Springer AG	Minority interests*	Equity
Balance at 01/01/2008	98,940	39,002	698,610	–133,762	1,144	434,170	195	–7,566	1,130,733	81,095	1,211,828
Change in accounting policies								3,536	3,536	–1	3,535
Balance at 01/01/2008 adjusted	**98,940**	**39,002**	**698,610**	**–133,762**	**1,144**	**434,170**	**195**	**–4,030**	**1,134,269**	**81,094**	**1,215,363**
Comprehensive income			560,050		10,235	–434,166	–11,181	–8,438	116,500	10,967	127,467
Dividends paid			–122,400						–122,400	–6,053	–128,453
Purchase of treasury shares				–73,532					–73,532		–73,532
Change in consolidated companies									0	–16,037	–16,037
Purchase of minority interests			–30,997						–30,997	–27,403	–58,400
Other changes		1,277	–2,792					2,809	1,294	0	1,294
Balance at 12/31/2008	**98,940**	**40,279**	**1,102,471**	**–207,294**	**11,379**	**4**	**–10,986**	**–9,659**	**1,025,134**	**42,568**	**1,067,702**
Comprehensive income			303,481		1,618	4	–4,489	–13,790	286,824	10,403	297,227
Dividends paid			–130,604						–130,604	–10,914	–141,518
Re-issuance of treasury shares			1,391	6,607					7,998		7,998
Change in consolidated companies			–919						–919	36,332	35,413
Purchase and disposal of minority interests			–38,506						–38,506	–26,493	–64,999
Other changes		2,824	–7,545						–4,721	–254	–4,975
Balance at 12/31/2009	**98,940**	**43,103**	**1,229,769**	**–200,687**	**12,997**	**8**	**–15,475**	**–23,449**	**1,145,206**	**51,642**	**1,196,848**

*) Adjusted due to the change of the accounting policy for pension obligations.

Segment Report

Operating segments

€ thousands	Newspapers National		Magazines National		Print International		Digital Media		Services/Holding		Consolidated totals	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
External revenues	**1,213,683**	**1,277,584**	**517,793**	**564,068**	**311,665**	**409,750**	**470,378**	**378,181**	**98,071**	**98,955**	**2,611,591**	**2,728,538**
Internal revenues	8,617	16,967	4,323	6,940	14,035	10,101	22,840	32,186	305,398	319,418		
Segment revenues	1,222,300	1,294,551	522,116	571,008	325,700	419,851	493,218	410,367	403,470	418,373		
EBITDA [1]	**243,766**	**348,895**	**54,954**	**88,817**	**12,257**	**27,756**	**43,192**	**20,931**	**−20,466**	**−223**	**333,705**	**486,175**
Thereof income from investments	4,807	19,894	1,949	457	2,101	7,830	10,096	903	4,071	2,685	23,025	31,769
Thereof accounted for using the equity method	0	14,636	1,335	790	1,869	4,866	1,987	−8,860	−2,785	−6,604	2,406	4,828
Depreciation, amortization, impairments and write-ups (except from purchase price allocations)	−2,775	−3,213	−3,541	−3,925	−6,667	−6,427	−9,262	−5,002	−42,514	−45,490	−64,760	−64,057
Impairment losses in goodwill	0	0	0	−2,107	0	0	0	0	0	0	0	−2,107
EBIT [1]	**240,991**	**345,682**	**51,413**	**82,785**	**5,591**	**21,329**	**33,930**	**15,929**	**−62,979**	**−45,713**	**268,945**	**420,011**
Effects of purchase price allocations	0	0	−65	−27,028	−3,928	−4,172	−22,628	−15,201	−72	−72	−26,692	−46,473
Non-recurring effects	214,357	−1,616	−6,318	0	464	0	−10,750	437,393	−17,353	−59,514	180,400	376,263
Segment earnings before interest and taxes	455,348	344,066	45,030	55,757	2,127	17,157	552	438,121	−80,404	−105,299	422,653	749,801
Financial result											−24,980	−61,547
Income taxes											−83,840	−117,187
Net income											**313,833**	**571,067**
Segment assets	279,379	254,596	75,513	89,398	294,447	287,617	1,101,579	994,944	817,685	879,555	2,568,604	2,506,110

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

Geographical information

€ thousands	Germany		Other countries		Consolidated totals	
	2009	2008	2009	2008	2009	2008
External revenues	2,063,975	2,131,690	547,616	596,848	2,611,591	2,728,538
Non-current segment assets	1,271,669	1,280,454	300,225	209,422	1,571,894	1,489,876

Notes to the Consolidated Financial Statements

General information

(1) Basic principles

The Axel Springer Aktiengesellschaft ("Axel Springer AG") is an exchange-listed stock corporation with its registered head office in Berlin/Germany. The principal activities of Axel Springer AG and its subsidiaries ("Axel Springer Group", "Axel Springer" or the "Group") are described in note (33a).

On February 23, 2010, the Management Board of Axel Springer AG authorized the consolidated financial statements for fiscal year 2009 and presented them to the Supervisory Board for approval. The consolidated financial statements were prepared by application of Section 315a HGB in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) approved by the IASB, in effect and recognized by the European Union (EU) at the balance sheet date. The reporting currency is the Euro (€); unless otherwise indicated, all figures are stated in thousands (€ thousands).

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

(2) Consolidation

(a) Consolidation principles

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

The consideration transferred in business combinations is offset against the pro-rated fair value of the acquired assets and liabilities at the acquisition date. Any remaining positive difference is capitalized as goodwill. Negative differences are immediately recognized 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 business passes to the Axel Springer Group. We offset differences arising from sales and purchases of minority interests within equity.

Associated companies are included in the consolidated financial statements by application of the equity method. Associated companies are defined as companies in which the Axel Springer Group can exert significant influence over the financial and operating policies of the company. With regard to calculating the goodwill and the proportional fair value of the assets and liabilities, the accounting principles applied to business combinations apply here as well. Goodwill is included in the amortized carrying amount of the investment in the associated company. The IFRS financial statements of these companies as at the Axel Springer Group's balance sheet date serve as the basis for applying the equity method. Losses from associated companies that exceed the carrying amount of the investment, or any other long-term receivables related to the financing of these companies, are not recognized, unless the Axel Springer Group is bound by additional contribution requirements. Intercompany profits and losses are eliminated. The carrying amounts of investments are tested for impairment; if impairments exist, they are written down to the lower recoverable amount.

(b) Companies included in the consolidated financial statements

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

	12/31/2009	12/31/2008
Fully consolidated companies		
Germany	53	52
Other countries	76	38
Fully consolidated special purpose entities		
Germany	3	3
Investments accounted for using the equity method		
Germany	5	7
Other countries	2	2

Special purpose entities consist of closed property funds of which, in substance, the risks and rewards are attributable to Axel Springer. Consolidated companies are listed in note (44). The list of shareholdings of Axel Springer AG and the Group is to be filed with the Electronic Federal Gazette.

The following changes occurred in 2009:

In the context of the acquisition of StepStone ASA, Oslo/Norway, we fully consolidated three German companies and 39 companies located outside Germany of the StepStone ASA Group. The shares already held in StepStone ASA and in StepStone Deutschland AG, Düsseldorf, were no longer accounted for using the equity method as of September 1, 2009.

In addition, we have acquired the majority of the shares in Digital Window Ltd., London/Great Britain, through our subsidiary DW-Holding GmbH, Berlin, which was first consolidated in the reporting year.

The remaining change in the fully consolidated companies resulted from the initial consolidation of AS Nyomda Kft, Kecskemét/Hungary, which is of subordinate importance to the Axel Springer Group. In Zurich/Switzerland, moreover, TR7 AG was merged into Axel Springer Schweiz AG, Handelszeitung Fachverlag AG was merged into Handelszeitung und Finanzrundschau AG and usgang.ch GmbH was merged into Avivum AG.

In September, three German investments in the T&M Group were sold.

The shares in Myby GmbH & Co. KG, Düsseldorf, were no longer accounted for using the equity method due to the petition filed in June 2009 for commencement of insolvency proceedings.

In the reporting year, we acquired a 49 % share of INFOR BIZNES Sp. z o.o., Warsaw/Poland. The investment was accounted for using the equity method.

(c) Acquisitions and divestitures

At the beginning of September 2009, Axel Springer AG increased its share in StepStone ASA, Oslo/Norway, from 33.3 % to 52.8 % and thus assumed control. Costs of purchase of € 26,557 thousand were incurred for the increase to 52.8 %, as well as incidental acquisition costs of € 2,886 thousand. The acquisition of 33.3 % in StepStone ASA in 2008 resulted in a purchase price of € 34,886 thousand. Using the mandatory takeover offer for the remaining outstanding shares as well as additional share purchases and the squeeze-out that was initiated, we increased our share to 100.0 % by the balance sheet date for total costs of € 65,410 thousand.

The cost of purchase of the majority acquisition to 52.8 % was allocated to the acquired assets and liabilities as follows:

€ thousands	Carrying amount before acquisition	Adjust-ment amount	Carrying amount after acquisition
Other intangible assets	8,514	68,138	76,652
Property, plant, and equipment	4,429		4,429
Other non-current assets	1,641		1,641
Current assets	21,161	742	21,903
Cash and cash equivalents	31,937		31,937
Deferred tax assets	10,587	–4,077	6,510
Provisions and liabilities	–54,998	7,088	–47,910
Deferred tax liabilities	0	–25,048	–25,048
Net assets	**23,271**	**46,843**	**70,114**
Minority interests			33,115
Acquisition cost			64,329
Revaluation surplus			3,086
Goodwill			**24,243**

Of the other intangible assets acquired, intangible assets with carrying amounts of € 41,075 thousand have indefinite useful lives. The goodwill is above all attributable to inseparable values such as employee expertise and expected synergy effects from the integration, and was allocated to the Digital Media segment.

Since initial consolidation, the StepStone Group has contributed to consolidated revenues in the amount of € 29,351 thousand and to consolidated net income in the amount of € –12,651 thousand. If the acquisition had already occurred on January 1, 2009, the consolidated revenues would have changed by € 95,923 thousand, and the consolidated net income by € –17,240 thousand; in addition, investment income of € –2,289 thousand would not have been recorded.

DW-Holding GmbH, Berlin, in which our wholly-owned subsidiary Axel Springer Venture GmbH holds 52.5 % of the shares, acquired 50.1 % of the shares in Digital Window Ltd., London/Great Britain, at the beginning of October 2009. Due to the call and put options that can be exercised in subsequent years for the remaining 49.9 % of the shares, only the minority interests allocable to the minority shareholder of DW-Holding GmbH were recognized. The purchase price amounted to € 21,735 thousand plus incidental acquisition costs of € 487 thousand and included contingent consideration in the amount of € 11,586 thousand.

The cost of purchase was allocated to the acquired assets and liabilities as follows:

€ thousands	Carrying amount before acquisition	Adjust-ment amount	Carrying amount after acquisition
Other intangible assets	41	10,921	10,962
Property, plant, and equipment	366		366
Trade receivables	7,213		7,213
Other current assets	396		396
Cash and cash equivalents	6,905		6,905
Deferred tax assets	2		2
Provisions and liabilities	–7,714		–7,714
Deferred tax liabilities	0	–3,058	–3,058
Net assets	**7,211**	**7,863**	**15,074**
Minority interests			7,160
Acquisition cost			22,222
Goodwill			**14,308**

Of the other intangible assets acquired, no assets have indefinite useful lives. The goodwill is above all attributable to inseparable values such as employee expertise and expected synergy effects from the integration, and was allocated to the Digital Media segment.

Since initial consolidation, Digital Window Ltd. has contributed to consolidated revenues in the amount of € 16,241 thousand and to consolidated net income in the amount of € 943 thousand. If the acquisition had already occurred on January 1, 2009, the consolidated revenues would have changed by € 47,980 thousand, and the consolidated net income by € 1,021 thousand.

The sale of a number of investments in regional newspapers and Elmshorner Nachrichten took place in March, April, and August 2009 following approval under anti-trust law. € 173,975 thousand of the purchase price in the amount of € 323,975 thousand was paid at the beginning of the second quarter and in the third quarter. The remainder of the purchase price was deferred and will be payable in installments in the period from 2011 to 2016. The carrying amounts of investments and financial receivables assigned to the Newspapers National segment in the amount of € 109,175 thousand were disposed of from the assets held for sale. A gain on disposal totaling € 214,357 thousand was recognized. In this context, tax expenses were incurred in the amount of € 21,780 thousand.

Additional acquisitions and divestitures carried out in 2009 collectively had no material effects on the net assets, financial position, and results of operations of the Axel Springer Group.

In 2008, we acquired various companies and businesses, which collectively had no material effects on the net assets, financial position, and results of operations of the Axel Springer Group.

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

The assets and liabilities of subsidiaries for which the functional currency is not the euro have been translated at the exchange rate in effect on the balance sheet date. The goodwill and fair value adjustments of assets and liabilities related to the acquisition of companies outside the European Monetary Union are assigned to the acquired company and accordingly translated at the exchange rate in effect on the balance sheet date.

Items of the income statement have been translated at the weighted average exchange rate for the year. Equity components of the subsidiaries have been translated at the historical exchange rate at the date of origination. The foreign exchange differences resulting from the translation have been recognized as currency translation adjustments within accumulated other comprehensive income and/or minority interests.

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

Unit of foreign currency per one euro	Average exchange rate		Exchange rate on balance sheet date	
	2009	2008	12/31/2009	12/31/2008
Polish zloty	4.34	3.52	4.14	4.17
Swiss franc	1.51	1.59	1.49	1.49
Hungarian forint	280.55	250.12	272.48	265.64
British pound	0.89	0.80	0.90	0.97
Norwegian krone	8.75	8.24	8.32	9.91

(3) Explanation of significant accounting and valuation methods

(a) Basic principles

The accounting and valuation principles applied uniformly across the Axel Springer Group in fiscal year 2009 are basically the same as those applied in the prior year with the exception of the following changes.

We have implemented the regulations of the new IAS 1 (revised 2007), “Presentation of Financial Statements”. Changes in equity resulting from transactions with owners in their capacity as equity providers are presented separately from other equity changes. Our statement of changes in equity presents all details concerning transactions with owners, while all other equity changes are presented in a single line item. In addition, we present total comprehensive income, which includes all components of income, in a separate statement of recognized income and expenses.

Since January 1, 2009, we have changed the accounting for defined benefit pension plans from the corridor method to immediate recognition of all actuarial gains and losses with no effect on income. The complete disclosure of the employer pension plans in the balance sheet leads to an improved presentation of the financial situation. The prior-year amounts at December 31, 2008, and January 1, 2008, were adjusted as follows: reduction in the long-term accruals for pensions by € 10,941 thousand (01/01/2008: € 5,371 thousand) with no effect on income, as well as a reduction in deferred tax assets by € 3,570 thousand (01/01/2008: € 1,894 thousand) with no effect on income. The effects were offset against other equity within accumulated other comprehensive income. The change of the accounting method did not result in any effects on the income statements of the prior years.

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

(b) Recognition of income and expenses

The Axel Springer Group mainly generates circulation revenues from sales of newspapers and magazines and advertising revenues. Revenues are recognized at the time when the significant risks of ownership have passed to the buyer / the services have been rendered, the amount of revenue can be reliably measured, and it is sufficiently probable that economic benefits will flow to the enterprise. Revenues are stated net of any discounts allowed.

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

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.

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

Revenues from barter transactions are recognized if the services exchanged are dissimilar and the amount of revenue can be measured reliably. Revenues are measured at the fair value of services received. If the fair value of the service received under barter transactions cannot be measured reliably, the fair value is determined on the basis of the service rendered.

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

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

Interest expenses and income are recognized on an accrual basis in the period of their occurrence. Interest expenses incurred in connection with the acquisition and production of qualified assets are capitalized as assets in the financial statements. Dividend income is recognized when the legal entitlement is constituted.

(c) Intangible assets

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

	Useful life in years
Software	3 – 8
Licenses	3 – 10
Supply rights	3 – 6
Internet platform	3 – 8
Customer relationships	3 – 16

Intangible assets with an indefinite useful life, which include goodwill, title rights, and brand rights, are not amortized. At present, the use of these assets by the company is not limited by any economic or legal restrictions.

(d) Property, plant, and equipment

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

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

For depreciation purposes, the following useful lives are applied:

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

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

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

(e) Investment property

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

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

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

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

The impairment test is conducted by determining the value in use of the reporting units, determined as the sum of the discounted estimated future cash flows, which are derived from the company's Medium-Term Plan. The planning horizon for the medium-term planning is five years. The cash flows to be received after this five-year period are extrapolated on the assumption of a growth rate of 1.5 % (PY: 1.5 %), which does not exceed the assumed average market or industry growth rate of the respective reporting units. The discount rates are calculated on the basis of the weighted average capital costs of the Group, taking country-specific considerations into account. The discount rates range from 6.2 % to 12.3 % (PY: from 6.2 % to 12.8 %) after taxes and from 7.9 % to 15.4 % (PY: from 7.9 % to 16.0 %) before taxes.

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

Medium-term planning: The medium-term planning is determined on the basis of past historical values, and business segment specific expectations about future market growth. It is assumed that cash flows in the electronic media sector will usually exhibit higher growth rates than in the print sector.

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

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

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

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

(g) Financial assets and liabilities

Financial assets are mainly composed of cash and cash equivalents, trade receivables, receivables due from related parties, loans, investments, securities, and financial derivatives with positive market values. Financial liabilities are mainly composed of trade payables, liabilities due to related parties, liabilities due to banks, contingent consideration in business combinations, and financial derivatives with negative market values.

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

If reliably measurable, fair values of financial assets and liabilities are determined on the basis of appropriate market prices or valuation methods. If valuation methods are applied, the fair values are determined as the sum of the discounted expected cash flows based on reference interest rates in effect on the balance sheet date. After initial recognition non-derivative financial liabilities are measured at amortized cost by application of the effective interest method.

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

Investments and securities

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

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

Loans, receivables, and other financial assets

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

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

Contingent consideration
Contingent consideration 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 is measured at its 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.

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

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

(i) Assets held for sale
Assets are classified as held-for-sale when their disposal has been initiated. The non-current assets held for sale are measured at the lower of the carrying amount or the fair value less costs to sell.

(j) Pension provisions
The provisions for pension obligations under defined benefit plans are calculated using the projected unit credit method under which future changes in compensation and benefits are taken into account. The following parameters were applied in the 2009 and 2008 fiscal years:

Information in %	2009	2008
Discount rate	3.0 / 5.3	3.0 / 5.8
Expected return on plan assets	3.25 – 3.5	3.25 – 3.5
Expected return on reimbursement rights	5.3	5.8
Salary trend	1.5 – 2.0	1.5 – 2.5
Pension trend	0.25 – 2.0	0.25 – 2.25

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

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

(k) Other provisions and accrued liabilities
Other provisions have been formed to account for all discernible legal and constructive obligations to third parties, provided that the settlement of the obligation is probable and the amount of the obligation can be reliably estimated. The amount of each provision corresponds to the expected settlement amount. In the case of long-term provisions, the expected settlement amount is discounted to the present value at the 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 those assets and liabilities in the consolidated financial statements, and for interest and tax loss carry-forwards. Deferred taxes are measured on the basis of the tax laws already enacted for those fiscal years in which it is probable that the differences will reverse or the tax loss carry-forwards can be utilized. Deferred tax assets are recognized for temporary differences or interest and tax loss carry-forwards only when the ability to utilize them in the near future appears to be reasonably certain. Deferred taxes are recognized for temporary differences resulting from the fair value measurement of assets and liabilities obtained through business combinations. Deferred taxes are recognized for temporary differences relating to goodwill only when the goodwill can be utilized for tax purposes. Deferred tax assets and liabilities of tax groups are netted if they are based on the same kind of income taxes; otherwise, they are netted only if the deferred taxes are based on the income taxes imposed by the same tax authority and only when current taxes can be netted as well.

(m) Treasury shares

Treasury shares are measured at cost and are charged directly to equity. The treasury shares are presented in a separate line item of the consolidated statement of changes in equity.

(n) Share-based payment programs

As part of performance-based remuneration programs, Axel Springer Group grants equity-settled and cash-settled share-based payment programs. The compensation components to be recognized as expenses over the vesting period are measured as the fair value of the options granted at the time when they were granted (in case of equity-settled programs) or the fair value of the options granted at the balance sheet date (in case of cash-settled programs). The fair values are determined on the basis of the Black-Scholes model. An increase corresponding to the same amount is reflected in the additional paid-in capital (in the case of equity-settled programs) or is recognized as provisions/liabilities (in the case of cash-settled programs).

(o) Liabilities related to assets held for sale

The liabilities and provisions of discontinued operations and other disposal groups are summarized under this balance sheet item.

(p) Transactions in foreign currencies

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

(q) Use of estimates

The preparation of the 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 allowances for doubtful receivables, the actuarial parameters used to measure pension provisions, product return rates, medium-term planning, discount rates and growth rates for the valuation of goodwill and intangibles with an indefinite useful life, contingent considerations in business combinations, and the ability to utilize deferred tax assets in the future. Information concerning the carrying amounts determined with the use of estimates can be found in the comments on the specific line items.

(r) New accounting standards
The following IFRSs relevant for Axel Springer were applied for the first time in the fiscal year:

IAS 1 “Presentation of Financial Statements”: Starting January 1, 2009, we have implemented the amended version of the new IAS 1 published in September 2007 (revised 2007) for the presentation and structure of the financial statements (cf. note (3a)). The amendments affected the presentation of the consolidated financial statements, but did not result in any effects on the net assets, financial position, and operating results.

IFRS 7 “Financial Instruments: Disclosures”: In March 2009, the IASB published amendments to IFRS 7 with the title “Improving Disclosures about Financial Instruments.” The amendments provide for expanded disclosures on the measurement of financial instruments at fair value and on liquidity risks. These changes are required to be applied for fiscal years that begin on or after January 1, 2009. The amendments did not have a significant effect on the notes to the consolidated financial statements.

The following IFRSs relevant for Axel Springer have already been published, but not yet applied.

In April 2009, the second improvement to IFRSs standard was published by the IASB, amending a total of ten standards and two interpretations. A large number of the amendments must be applied for fiscal years that begin on or after January 1, 2010. These amendments have not yet been incorporated into European law. They have no significant effects on net assets, financial position, and operating results.

IFRS 3 “Business Combinations” and IAS 27 “Consolidated and Separate Financial Statements”: The IASB published revised versions of the IFRS 3 and IAS 27 in January 2008. Incorporation into EU law took place during the reporting year. The new regulations must be applied prospectively for the first time in fiscal years that begin on or after July 1, 2009. The amendments affect the recognized amount of goodwill, the measurement of minority interests, the accounting for step acquisitions, and the treatment of contingent considerations and incidental acquisition costs. Due to the changes to IAS 27, changes in the amount of equity held in a subsidiary (without loss of control) must now be accounted for exclusively as an equity transaction. Moreover, the regulations applicable to the distribution of losses to non-controlling interests were changed, as were the regulations applicable to the accounting treatment of transactions that lead to a loss of control. The changes will have an effect on future company transactions, particularly on the results of the reporting period in which an acquisition occurred, and on future results.

IFRS 9 “Financial Instruments”: This standard was published by IASB in November 2009 and represents the first of a total of three phases in the complete replacement of IAS 39. Upon the conclusion of one phase, the corresponding content is taken from IAS 39 and inserted into IFRS 9. The first phase leads to a fundamental change in the regulations on the categorization and measurement of financial assets and liabilities, and concentrates in its content exclusively on financial assets. IFRIC 9 is required to be applied to fiscal years that begin on or after January 1, 2013. These amendments have not yet been incorporated into European law. The application of the new standard will lead to changes in the presentation and recognition of financial assets and liabilities.

Notes to the consolidated statement of financial position

(4) Intangible assets

The changes in intangible assets were as follows:

€ thousands	Purchased rights and licenses	Internally generated rights	Goodwill	Total
Acquisition or production cost				
Balance at January 1, 2008	436,916	25,153	412,096	874,165
Initial consolidation	6,315	667	4,324	11,306
Currency effects	8,802	31	5,867	14,700
Additions	31,243	1,041	7,416	39,700
Disposals	–14,098	0	0	–14,098
Transfers	514	0	42,103	42,617
Balance at December 31, 2008	**469,692**	**26,892**	**471,806**	**968,390**
Initial consolidation	77,250	10,557	36,299	124,106
Deconsolidation	–2,745	0	–1,878	–4,623
Currency effects	–502	337	1,364	1,199
Additions	17,387	2,125	0	19,512
Disposals	–62,054	–68	–286	–62,408
Transfers	143	–86	0	57
Balance at December 31, 2009	**499,171**	**39,757**	**507,305**	**1,046,233**
Amortization and impairments				
Balance at January 1, 2008	111,781	9,401	48,276	169,458
Initial consolidation	403	0	0	403
Currency effects	698	–6	0	692
Additions	55,746	4,081	2,107	61,934
Disposals	–1,776	0	0	–1,776
Write-ups	–285	0	0	–285
Balance at December 31, 2008	**166,567**	**13,476**	**50,383**	**230,426**
Initial consolidation	116	0	0	116
Deconsolidation	–1,622	0	–1,878	–3,500
Currency effects	–447	215	0	–232
Additions	35,463	4,405	0	39,868
Disposals	–55,605	–68	–286	–55,959
Transfers	337	0	0	337
Write-ups	–261	0	0	–261
Balance at December 31, 2009	**144,548**	**18,028**	**48,219**	**210,795**
Carrying amounts				
At December 31, 2009	354,623	21,729	459,086	835,438
At December 31, 2008	303,125	13,416	421,423	737,964

The internally generated intangible assets mainly consisted of software solutions and websites.

The total of goodwill and intangible assets with indefinite useful lives that have been assigned to the individual reporting units amounted to less than 25 % of the total amount of all goodwill and intangible assets with indefinite useful lives measured at December 31, 2009, in the amount of € 655,179 thousand (PY: € 575,901 thousand).

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

Goodwill amounting to € 319,781 thousand and intangible assets with indefinite useful lives amounting to € 116,259 thousand, representing approximately 70 % of the total amount, were assigned to a total of four reporting units in the Digital Media segment.
A reduction of cash flows by approximately 60 % in the fifth planning year would reduce the surplus between the value in use and the carrying amount of these reporting units to zero. A reduction in the growth rate by 0.5 percentage points would reduce the surplus by 14.3 %, and an increase in the discount rate by 0.5 percentage points would reduce the surplus by 17.4 %.

Please refer to the explanations at note (24) on the impairments of goodwill and other intangible assets.

(5) Property, plant, and equipment

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

€ thousands	Land and buildings, including buildings on non-owned land	Technical equipment and machinery	Other equipment, operational and office equipment	Construction in progress	Total
Acquisition or production cost					
Balance at January 1, 2008	577,739	535,680	165,191	5,954	1,284,564
Initial consolidation	0	79	1,032	0	1,111
Currency effects	268	24	–1,231	–15	–954
Additions	1,933	3,179	15,071	1,751	21,934
Disposals	–2,520	–3,179	–8,959	–1,442	–16,100
Transfers	–2,715	2,879	1,707	–4,166	–2,295
Balance at December 31, 2008	**574,705**	**538,662**	**172,811**	**2,082**	**1,288,260**
Initial consolidation	4,112	6,532	5,243	0	15,887
Deconsolidation	0	–80	–59	0	–139
Currency effects	–261	–200	50	12	–399
Additions	2,131	2,433	13,752	2,937	21,253
Disposals	–843	–3,970	–12,195	–136	–17,144
Transfers	3,976	1,088	–272	–1,470	3,322
Balance at December 31, 2009	**583,820**	**544,465**	**179,330**	**3,425**	**1,311,040**
Depreciation and impairments					
Balance at January 1, 2008	150,348	262,629	114,176	622	527,775
Initial consolidation	0	79	710	0	789
Currency effects	53	–15	–223	0	–185
Additions	11,604	23,582	14,312	0	49,498
Disposals	–328	–3,133	–7,664	–622	–11,747
Transfers	–193	132	74	0	13
Write-ups	0	0	–133	0	–133
Balance at December 31, 2008	**161,484**	**283,274**	**121,252**	**0**	**566,010**
Initial consolidation	804	2,866	375	0	4,045
Deconsolidation	0	5	–29	0	–24
Currency effects	–144	–82	6	0	–220
Additions	11,843	24,207	15,716	0	51,766
Disposals	–766	–3,752	–11,128	0	–15,646
Transfers	360	369	–372	0	357
Balance at December 31, 2009	**173,581**	**306,887**	**125,820**	**0**	**606,288**
Carrying amounts					
At December 31, 2009	410,239	237,578	53,510	3,425	704,752
At December 31, 2008	413,221	255,388	51,558	2,082	722,249

At December 31, 2009, property, plant, and equipment with acquisition or production cost of € 159,692 thousand (PY: € 145,981 thousand) were in use that had already been fully depreciated.

(6) Investment property

The development of the investment property was as follows:

€ thousands	Investment property
Acquisition or production cost	
Balance at January 1, 2008	49,318
Additions	560
Transfers	2,440
Balance at December 31, 2008	**52,318**
Additions	516
Transfers	–3,616
Balance at December 31, 2009	**49,218**
Depreciation and impairments	
Balance at January 1, 2008	21,949
Additions	656
Transfers	193
Write-ups	–142
Balance at December 31, 2008	**22,655**
Additions	716
Transfers	–357
Write-ups	–5,500
Balance at December 31, 2009	**17,514**
Carrying amounts	
At December 31, 2009	31,704
At December 31, 2008	29,663

The fair value of investment property at December 31, 2009 amounted to € 31,704 thousand (PY: € 29,663 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 7.0 % (PY: 8.0 %) and a perpetuity capitalization rate of 6.0 % (PY: 7.0 %) was applied. As a result of the positive development of the fair value, impairment losses of prior years amounting to € 5,500 thousand have been reversed.

In 2009, rental income of € 2,955 thousand (PY: € 2,807 thousand) was generated, with corresponding rental expenses of € 1,436 thousand (PY: € 930 thousand). Directly allocable expenses of € 108 thousand (PY: € 96 thousand) were incurred for the space that had not yet been rented.

(7) Investments

Investments accounted for using the equity method showed the following development:

€ thousands	2009	2008
Carrying amount at January 1	**129,993**	**639,371**
Attributable net income	1,524	4,432
Dividends	–11,728	–32,166
Changes recognized in other comprehensive income	–3,233	–560
Impairment losses	–20,498	–60,000
Acquisitions	14,819	34,845
Disposals	–51,779	0
Reclassified as held-for-sale assets	0	–456,049
Other changes	604	120
Carrying amount at December 31	**59,702**	**129,993**

The disposals in the fiscal year related to our shares in StepStone ASA and StepStone Deutschland AG. They resulted from the initial full consolidation of the StepStone Group. The acquisitions related to the purchase of 49 % of the shares in INFOR BIZNES.

The financial data for the investments accounted for using the equity method were as follows:

€ thousands	2009	2008
Net income	–92,506	–14,029
Revenues	719,561	858,372
Assets	622,760	956,967
Liabilities	524,885	668,178

The financial information for the associated companies classified as held for sale (cf. note (12)) is based on financial data available at the reporting date. In the current period, it exclusively (PY: essentially) relates to financial data as of September 30, 2009.

€ thousands	**2009**	**2008**
Net income	−85,510	−15,433
Revenues	200,594	633,474
Assets	679,983	1,115,870
Liabilities	725,844	732,569

Based on the publicly listed market prices, the fair value at December 31, 2009 of the Group's investment in the associated company ZertifikateJournal AG, Veitshöchheim, amounted to € 1,798 thousand (PY: € 1,748 thousand).

(8) Inventories

The inventories broke down as follows:

€ thousands	**12/31/2009**	**12/31/2008**
Raw materials and supplies	27,171	38,995
Semi-finished goods	2,179	2,471
Finished goods and merchandise	2,550	2,759
Inventories	**31,900**	**44,225**

Inventories of € 9,455 thousand (PY: € 10,460 thousand) were measured at their net realizable value. At December 31, 2009, the valuation allowance for these inventories amounted to € 2,047 thousand (PY: € 1,943 thousand), of which € 364 thousand (PY: € 1,686 thousand) was recognized in income in 2009.

(9) Trade receivables

The trade receivables broke down as follows:

€ thousands	**12/31/2009**	**12/31/2008**
Trade receivables, nominal	317,257	274,147
Allowances for doubtful trade receivables	−15,310	−9,272
Trade receivables	**301,947**	**264,875**

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

€ thousands	**2009**	**2008**
Balance at January 1	9,272	8,972
Addition due to initial consolidation	0	104
Consumption	−6,417	−5,889
Reversals	−641	−784
Additions	13,013	6,805
Other changes	83	64
Balance at December 31	**15,310**	**9,272**

At December 31, 2009, receivables in the amount of € 183,638 thousand (PY: € 166,481 thousand) were neither past due nor subject to valuation allowances. With regard to these receivables, there were no indications at balance sheet date that customers would not fulfill their payment obligations.

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

€ thousands	**12/31/2009**	**12/31/2008**
up to 30 days	51,543	43,188
31 to 90 days	26,139	35,054
91 to 180 days	8,914	3,420
181 to 360 days	10,063	11,675
361 days and longer	8,999	1,806

(10) Receivables due from related parties

The receivables due from related parties broke down as follows:

€ thousands	12/31/2009	12/31/2008
Receivables due from associated companies	35,249	35,520
Receivables due from other related parties	8,738	20,062
Receivables due from related parties	**43,987**	**55,582**

The receivables due from associated companies included a reimbursement right for pension obligations in the amount of € 29,464 thousand (PY: € 29,754 thousand (cf. note (14)).

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

€ thousands	2009	2008
Balance at January 1	19,259	18,529
Reversals	–6	–250
Additions	474	1,001
Other changes	557	–21
Balance at December 31	**20,284**	**19,259**

At December 31, 2009, receivables in the amount of € 42,841 thousand (PY: € 49,895 thousand) were neither past due nor subject to valuation allowances. With regard to these receivables, there were no indications at balance sheet date that the related parties would not fulfill their payment obligations.

(11) Other assets

The other assets broke down as follows:

€ thousands	12/31/2009	12/31/2008
Deferral of payment for regional newspaper investments	150,000	0
Advance payments	16,403	15,649
H&F-Call-Option	10,835	1,840
Receivables from Kirch insolvency	7,586	6,175
Receivables from other taxes	5,503	5,833
Credit balances in accounts payable	4,394	7,382
Receivables due from employees	566	1,483
Other	27,327	26,690
Other assets	**222,613**	**65,051**

The deferral of payment resulting from the sale of regional newspaper investments is described in note (2c).

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 560,700 call options for the purchase of Axel Springer AG shares. Thus, Axel Springer AG is principally entitled to purchase one share of Axel Spring AG from H&F for each share issued to a member of the Management Board under the Management Participation Program. Axel Springer AG waived this right in connection with 62,300 shares by an agreement with H&F of June 30, 2009. In return, Axel Springer AG received a cash settlement. After the conclusion of this agreement, 498,400 call options still existed, whose exercise was subject to the condition that Management Board members have exercised options under the corresponding Management Participation Plan. The entitled members of the Management Board waived exercise of 214,312 options under the Management Participation Plan in exchange for a promise of a settlement payment of € 12.00 per option (see the discussion of the Management Participation Program under note (13f). Parallel to this, an agreement was made with H&F on December 17/18, 2009 regarding 214,312 call options. According to this agreement, Axel Spring AG is entitled to exercise the stated 214,312 call options against H&F regardless of whether the entitled members of the Management Board have waived the options in the context of the Management Participation Program. Exercise of these 214,312 options is only possible in June 2010. However, these call options will lapse if and to the extent that H&F sells the shares in Axel Springer AG for its part and in exchange pays a cash settlement to Axel Springer. Otherwise, that is, for the 284,088 call options, the right to exercise them under the original H&F agreement of April 8, 2004, continues in force.

Insofar as H&F would no longer have a sufficient number of the shares of Axel Springer AG to fulfill existing call options in case of exercise of call options by Axel Springer AG, Axel Springer AG is entitled to a cash settlement whose amount corresponds basically to the difference between the sale price received by H&F less the exercise price of the call options.

The call options are recognized as financial assets and measured at fair value on the respective balance sheet date by application of an option pricing model. At the time when H&F granted the options to Axel Springer AG, the fair value of the options was € 19,800 thousand. Because the granting of options by H&F is categorized as a shareholder transaction, the additional paid-in capital was increased by the amount of the fair value. Changes in fair value of the options are recognized in the financial result. The increase in fiscal year 2009 resulted mainly from the higher underlying stock exchange price.

Insofar as advance payments for asserted receivables are announced in the context of the insolvency proceedings against KirchMedia GmbH & Co. KGaA i.L., we reverse write-offs on receivables accordingly. The receivables accepted in the table of claims by the insolvency administrator originally totaled € 325,000 thousand. In addition, specified claims in the amount of € 1,411 thousand were recorded in 2009.

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

The purchase price deferral arising from the sale of the investments in regional newspapers is described in note (2c).

(12) Assets held for sale and liabilities related to assets held for sale

Due to a planned sale of 5.1 % of the shares in Doğan TV Holding A.S, Istanbul/Turkey (DTV), a classification of the investment in DTV as an asset held for sale (€ 352,016 thousand) occurred in the fourth quarter of 2008. The contract concluded in November 2008 was not performed, however; instead, it was replaced by a new agreement in November 2009. The new agreement provides that the share of DTV held by Axel Springer will be reduced to 19.9 % by capital increases. In case of non-performance of the capital increases, there is a right to sell 5.1 % of the shares at the original purchase price plus interest. Once the reduction in shares is completed, the remaining investment in DTV will be presented within the other non-current financial assets. The investment is assigned to the Digital Media segment. The total expenses recognized in accumulated other comprehensive income in connection with this sale amounted to € 16,710 thousand.

An initial capital increase was completed in January 2010, so that our share in DTV was reduced to 22.1 %.

When determining the recoverable amount in the context of the impairment test of our investment in DTV, we factored in both estimated future cash flows and a number of contractually stipulated value-securing mechanisms. Moreover, in order to assess the recoverable amount of our investment, we carried out an estimation of the prospects of success for suits filed by DTV against assessed tax claims and tax penalties based on external expert opinions. According to these estimates, there was no need for impairment at December 31, 2009.

In the prior year, the investments in a number of regional newspapers were classified as held-for-sale (€ 122,527 thousand). The sale of these investments assigned to the Newspapers National segment was completed in fiscal 2009, with the exception of the investment in Westfalenblatt (cf. note (2c)). The sale of our investment in Westfalenblatt (€ 6,190 thousand) was completed in January 2010.

(13) Equity

The components and changes in consolidated equity are summarized in the consolidated statement of changes in equity.

(a) Subscribed capital

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

At balance sheet date 29,800,216 shares were outstanding (PY: 29,682,659). During fiscal year 2009 117,557 treasury shares were issued (cf. note (13d)).

(b) Additional paid-in capital

The additional paid-in capital resulted primarily from a shareholder contribution in the form of financial assets (H&F call option, cf. note (11)). Furthermore, the amount of the corresponding personnel expenses for the share-based programs is included (cf. note (13f).

(c) Accumulated retained earnings

Besides the net income for the current period, the accumulated retained earnings also include the income of past periods of the companies included in the consolidated financial statements, to the extent that they have not been distributed to shareholders. In 2009, Axel Springer AG has distributed an amount of € 130,604 thousands as dividend payments (€ 4.40 per qualifying share) for the fiscal year 2008.

Equity changes resulting from owner transactions are recognized directly in accumulated retained earnings. The acquisition of minority interests in the reporting year gave rise to equity reductions of € 38,506 thousand.

(d) Treasury shares

In the reporting year, Axel Springer AG issued 117,557 treasury shares in the context of the share-based payment programs to the Management Board and the employees (cf. note (13f)). After this, Axel Springer AG held 3,179,784 treasury shares, corresponding to 9.6 % of its capital stock.

(e) Accumulated other comprehensive income

Other equity within the accumulated other comprehensive income mainly consisted of changes related to companies which are accounted for using the equity method.

(f) Share-based payment

On April 14, 2004, the shareholders at the annual meeting of Axel Springer AG approved a Management Participation Program, under which the members of the Management Board of Axel Springer AG are entitled to purchase shares of Axel Springer AG. Under the terms of this plan, 62,300 shares were offered for purchase on or after July 1, 2004. The Management Board purchased the shares in August 2004 for a purchase price of € 54.00 per share (plus 2 % interest from July 1, 2004). These shares were originally subject to a multiple-year holding period, which expired on December 18, 2007 for 50 % of the shares acquired, and on December 18, 2008 for the other 50 % of the shares acquired.

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

In 2009, a total of 34,888 options were exercised at a weighted average exercise price of € 59.67. The weighted average market price at the exercise times was € 70.13. On December 17, 2009, the entitled members of the Management Board stated that they were waiving exercise of 214,312 options, and in exchange received a promise of a settlement payment of € 12.00 per option. On December 17, 2009, the market price of a share in Axel Springer AG was € 75.96 (XETRA closing price), and the calculated exercise price of the options was € 59.90. The settlement payment was made in January 2010. On December 31, 2009, 249,200 options were thus still outstanding. The exercise period of the options ends on December 20, 2010. The expense recognized in 2009 for the Management Participation Program was € 0 thousand (PY: € 406 thousand).

Effective July 1, 2009, 375,000 stock appreciation rights (SARs) were issued to the members of the Management Board. The SARs are granted until June 30, 2015, and can be exercised at the earliest from July 1, 2013. If the Management Board Employment Contract or the appointment to the Management Board continues to exist until June 30, 2013, then all of the SARs granted to the Management Board member can become vested. If a Management Board member leaves after June 30, 2010, but before July 1, 2013, the SARs granted vest pro rata temporis in proportion to the four-year waiting period. An additional requirement for vesting to occur is that, within the period from July 1, 2012, to June 30, 2013, during a period of 90 consecutive calendar days, either the price of the Axel Springer share is at least 30 % higher than the base value of € 60.86, or the percentage by which the price of the Axel Springer share is above the base value on average exceeds the average percentage price development of the DAX. Exercise of the SARs is only possible if the average share price of Axel Springer AG in the 90 calendar days prior to exercise is at least 30 % above the basis value and the percentage price increase of the Axel Springer share exceeds the development of the DAX price index in the corresponding period. Each SAR grants a payment claim in the amount of the growth in value of the Axel Springer share, restricted to a maximum of € 121.72; this corresponds to the difference between the volume-weighted average price during the last 90 calendar days prior to exercise and the base value. The Management Board members are obligated to hold one share of Axel Springer AG as their own investment for each ten SARs. Disposal of these shares prior to exercise of the SARs leads to a lapse of the SARs in the proportion of one share for each ten SARs. The value of the SARs was determined to be € 12.65 (€ 4,743 thousand for all warrants) by application of a Black-Scholes model in a Monte-Carlo simulation at the grant date. The total value will be recognized in liabilities due to related parties over the vesting period and presented within the personnel expenses. In 2009, € 1,460 thousand were recognized as personnel expenses. The liability was € 1,460 thousand at December 31, 2009.

In May 2009, as part of a free share and stock participation program, 82,669 treasury shares were issued in the form of free shares or by conversion of Group employee bonus claims at their respective fair value at the time of issue in the amount of € 71.51 or € 69.15. Personnel expenses of € 3.6 million were incurred in the reporting year for both programs.

Prior to its acquisition by Axel Springer on September 2, 2009, StepStone ASA had granted stock options for shares of StepStone ASA to employees and management. Due to the acquisition of all of the shares in StepStone ASA by Axel Springer, related with a deregistration of the shares of StepStone ASA commenced in December 2009, existing stock options were repurchased by the end of January 2010. At balance sheet date, 6,113,807 options still existed with a weighted average exercise price of € 0.78. The personnel expenses recognized in the consolidated financial statements of Axel Springer AG amounted to € 2,417 thousand.

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

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

The 99,000 stock options, each one entitling the holder to purchase one share of auFeminin.com S.A., that were granted by the April 2008 stock option plan, as well as the 74,000 stock options that had already been granted at the date of acquisition of auFeminin.com S.A. in July 2007 (weighted average exercise price of € 18.95), will become vested in equal annual installments over a period of four years. The option grant is not conditioned on any further earnings or market conditions. These options can be exercised for the first time at the end of the fourth year after the options were granted and for a total of four years thereafter. The stock options entitle the holders to purchase up to 99,000 shares at a price of € 20.46 per share.

In June 2009, 300,000 stock options for acquisition of one share of auFeminin.com S.A. each with an exercise price of € 8.94 were issued to senior employees. These options vest upon expiration of the first (50 %) and second (50 %) year after the grant date, insofar as the earnings target established for the individual tranche (EBITDA 2009 or EBITDA 2010) is achieved. Once they have vested, the options can be exercised for a total of five (50 %) or four (50 %) years.

The fair values of the stock options granted in current and prior year were determined by application of the Black-Scholes model at the grant date. For this purpose, the following parameters were applied:

	Options June 2009	Options April 2008
Share price in €	9.00	13.50
Exercise price in €	8.94	20.46
Interest rate for risk-free investments, in %	0.96 resp. 1.62	3.74
Expected life, in years	1 resp. 2	4
Expected volatility, in %	40.00	25.00
Expected dividend yield, in %	0.00	0.00
Fair value at grant date, in €	1.49 resp. 2.14	1.43

In 2009, no options or rights to purchase free shares lapsed. In the prior year, no options, but 40,000 rights to purchase free shares lapsed. At the balance sheet date, a total of 473,000 stock options with a weighted average exercise price of € 12.92, as well as 50,000 rights to get free shares had been issued. None of these options was yet exercisable at the balance sheet date.

The compensation expenses for the share-based payment programs of auFeminin.com S.A. amounted to € 466 thousand in fiscal year 2009 (PY: € 617 thousand). The additional paid-in capital was increased by the same amount.

(g) Minority interests

The minority interests mainly related to the following companies:

€ thousands	12/31/2009	12/31/2008
ZANOX Group	17,469	17,472
auFeminin Group	11,639	11,102
Digital Window	7,673	0
wallstreet:online	4,258	5,686
Special-purpose entities	5,905	3,399
Other companies	4,698	4,909
Minority interests	**51,642**	**42,568**

(14) Pension obligations

Provisions for pensions were accounted for the obligations arising from vested pension rights and current benefits for former and active employees of the Axel Springer Group and their survivors. The different pension plans within the Group are organized in accordance with the legal, tax-related, and economic conditions of each country. The provision for defined benefit plans amounts to the present value of the obligation at balance sheet date net of the fair value of plan assets.

Under its defined contribution pension plans, the Group mainly contributes to public-sector pension insurance carriers by virtue of the applicable laws. The current contribution payments are presented as social security costs within personnel expenses (cf. note (23), € 39,804 thousand in 2009 (PY: € 39,208 thousand)).

Expenses of € 22,958 thousand were incurred for defined benefit pension plans in 2009 (PY: € 22,077 thousand). These expenses broke down as follows:

€ thousands	2009	2008
Current service cost	7,089	7,461
Interest expense	21,361	20,123
Employee contribution	–1,400	–1,381
Expected income from plan assets	–2,433	–2,508
Expected income from reimbursement rights	–1,658	–1,618
Pension expenses	**22,958**	**22,077**
Actual income from plan assets	1,960	1,574
Actual income from reimbursement rights	2,244	1,618

Service cost and employee contributions are presented within the personnel expenses. The interest portion contained in the pension expenses and the expected income from the plan assets are presented as components of interest expenses and interest income, respectively.

The amount of the provision was calculated as follows:

€ thousands	12/31/2009	12/31/2008*
Present value of defined benefit obligations financed by fund	80,212	83,586
Fair value of plan assets	–72,066	–76,184
Assets from over-coverage	0	445
Present value of defined benefit obligations financed by provision	351,324	336,122
Provision	**359,471**	**343,969**
Reimbursement right	–29,464	–29,754
Net obligation	**330,007**	**314,215**

*) Adjusted due to the change of the accounting policy for pension obligations.

At balance sheet date, actuarial gains before deferred taxes amounting to € 2,379 (PY: € 11,003) were accounted for in the accumulated other comprehensive income.

In connection with the contribution of the rotogravure printing operations to PRINOVIS Ltd. & Co. KG, Hamburg, it was also agreed in 2005 to transfer the pension obligations attributable to this division. The Commercial Register entry, upon which the legal validity of this transfer depends, had not yet been effected at the balance sheet date for the current pension obligations and the vested pension claims of former employees. By virtue of contractual agreements, Axel Springer AG is entitled to reimbursement of the pension obligations or pension expenses arising in this respect. The reimbursement right is presented as a separate asset (cf. note (10)), whereas in the income statement, the income from the reimbursement is netted with the corresponding pension expenses. In 2009, this provision amounted to € 29,464 thousand (PY: € 29,754 thousand). The changes in the reimbursement right in the reporting period consisted of compounding the corresponding pension provisions by € 1,658 thousand (PY: € 1,618 thousand), actuarial gains of € 586 thousand (PY: € 0 thousand) and reimbursement of pension payments of € 2,534 thousand (PY: € 2,548 thousand).

The fair value of the plan assets showed the following changes:

€ thousands	2009	2008
Plan assets at January 1	76,184	66,106
Expected income from plan assets	2,433	2,508
Employee contribution	1,400	1,381
Employer contribution	1,684	1,230
Benefits paid	−9,107	−1,565
Actuarial losses	−473	−935
Exchange rate changes	−56	7,458
Plan assets at December 31	**72,066**	**76,184**

The plan assets almost entirely consisted of claims under insurance contracts. The investment strategy is based on specific legal requirements which are in line with our investment policy. The expected long-term income from plan assets is derived from the expected income of the asset classes within the portfolios and is based on a value-securing investment strategy mainly investing in obligations of issuers with high credit rating and real estate. The investment portfolio broke down as follows:

	Target portfolio structure	Actual portfolio structure	
	12/31/2010	12/31/2009	12/31/2008
Bonds	71.5 %	73.3 %	73.4 %
Shares	3.0 %	2.2 %	1.0 %
Real estate	19.0 %	18.9 %	19.0 %
Others	6.5 %	5.6 %	6.6 %
Total	**100.0 %**	**100.0 %**	**100.0 %**

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

€ thousands	2009	2008
Obligation at January 1	419,708	407,649
Current service cost	7,089	7,461
Interest expense	21,361	20,123
Actuarial losses (PY: gains)	8,746	−6,512
Payments by employees	3,109	3,146
Transfer of pension obligation	−260	0
Exchange rate change	−46	8,143
Payments to retirees	−28,170	−20,301
Obligation at December 31	**431,537**	**419,708**

Of the indicated pension payments, an amount of € 2,534 thousand (PY: € 2,548 thousand) related to the pension obligations that have not yet been transferred to PRINOVIS Ltd. & Co. KG, Hamburg, and which are subject to the reimbursement right.

In fiscal year 2010, contributions to fund-financed defined benefit plans are expected to total € 1,938 thousand.

The amounts of the current and the prior four reporting periods for the present value of the obligations, the fair value of plan assets and the experienced-based adjustments to plan assets and liabilities are summarized in the table below:

€ thousands	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Present value of defined benefit obligations financed by fund	80,212	83,586	71,404	-	-
Fair value of plan assets	72,066	76,184	66,106	-	-
Present value of defined benefit obligations financed by provision	351,324	336,122	336,245	362,502	370,151
Experience-based adjustments to plan liabilities	–3,858	2,820	1,848	2,926	-
Experience-based adjustments to plan assets	–480	16	9	-	-

(15) Other provisions and accrued liabilities

The other provisions and accrued liabilities broke down as follows:

€ thousands	Balance at 01/01/2009	Utilization	Reversals	Additions	Other changes	Balance at 12/31/2009
Structural measures	15,696	14,874	822	52,954	–2	52,952
Other obligations towards employees	36,686	35,415	1,271	42,622	122	42,744
Partial early retirement program (Altersteilzeit)	36,407	13,194	869	10,031	2,987	35,362
Returns	31,157	27,915	3,242	24,990	2,630	27,620
Litigation expenses	12,164	8,044	4,120	8,555	19	8,574
Discounts and rebates	6,596	5,863	733	5,490	–29	5,461
Dismantling obligations	4,036	118	357	1,499	339	5,399
Other taxes	2,396	2,394	2	4,169	–25	4,144
Other	24,566	15,972	1,551	10,845	416	18,304
Other provisions	**169,704**	**123,789**	**12,967**	**161,155**	**6,457**	**200,560**

Other obligations towards employees primarily included variable compensation tied to performance and loyalty bonuses. Provisions for structural measures mainly included provisions for restructuring measures in various areas of the Group. Among others, miscellaneous other provisions comprise anticipated losses on rental agreements, interest from tax audits, contributions, and custody/archiving obligations. The other changes resulted primarily from currency translation differences and compound interest.

Non-current provisions are primarily contained in the provisions for partial early retirement programs (Altersteilzeit).

(16) Financial liabilities

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

2009 € thousands	2008 € thousands	Interest rate in %	Maturity
305,000	430,000	3-month EURIBOR + 0.15	08/14/2013
34,988	37,320	5.64	10/31/2012
17,043	18,376	4.63	07/31/2011
13,233	15,242	5.65	06/30/2012
11,034	11,649	5.09	11/30/2013
6,231	6,711	3-month EURIBOR + 0.30	10/15/2022
0	1,500	3.99	03/31/2009

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

Furthermore, at balance sheet date additional unused short-term and long-term credit facilities amounted to € 1,220 million (PY: € 1,095 million).

(17) Liabilities due to related parties

The liabilities due to related parties broke down as follows:

€ thousands	12/31/2009	12/31/2008
Liabilities due to associated companies	9,051	9,036
Liabilities due to other related parties	17,297	15,482
Liabilities due to related parties	**26,348**	**24,518**

(18) Other liabilities

The other liabilities broke down as follows:

€ thousands	12/31/2009	12/31/2008
Prepaid subscriptions	73,952	64,871
Acquisition-related liabilities	50,085	54,373
Liabilities due to employees	36,011	26,171
Advance payments	23,320	30,313
Liabilities from other taxes	22,414	27,649
Liabilities from derivatives	21,769	15,236
Debit balances in accounts receivable	19,827	10,718
Capital investment subsidies	17,221	18,932
Liabilities for duties and contributions	6,107	4,373
Liabilities due to social insurance carriers	3,353	2,789
Other	57,646	25,630
Other liabilities	**331,704**	**281,055**

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

The increase in miscellaneous other liabilities primarily derives from the initial consolidation of acquired companies.

(19) Maturity analysis of financial liabilities

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

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

€ thousands		Undiscounted cash outflows		
	Carrying amount at 12/31/2009	2010	2011 – 2014	2015 ff.
Liabilities due to banks	390,281	16,611	401,771	3,948
Liabilities from the purchase of minority interests	43,470	3,585	43,580	0
Other non-derivative financial liabilities	290,715	283,364	1,826	5,525
Derivative financial liabilities designated as a hedging instrument	21,769	6,660	14,952	157

€ thousands		Undiscounted cash outflows		
	Carrying amount at 12/31/2008	2009	2010 – 2013	2014 ff.
Liabilities due to banks	524,028	32,348	575,835	4,692
Liabilities from the purchase of minority interests	29,886	3,734	29,145	
Other non-derivative financial liabilities	254,063	247,596	1,890	4,577
Derivative financial liabilities designated as a hedging instrument	15,236	3,628	11,370	238

Notes to the consolidated statement of comprehensive income

(20) Revenues

The revenues broke down as follows:

€ thousands	2009	2008
Circulation revenues	1,176,239	1,215,748
Advertising revenues	1,138,501	1,248,074
Printing revenues	42,892	46,545
Other revenues	253,959	218,171
Revenues	**2,611,591**	**2,728,538**

The revenues from barter transactions amounted to € 36,922 thousand in 2009 (PY: € 33,352 thousand). These revenues were mainly generated from bartering advertising services.

(21) Other operating income

The other operating income broke down as follows:

€ thousands	2009	2008
Income from disposal of fixed assets	9,086	885
Income from cost allocations to related parties	8,466	9,198
Income from Kirch insolvency	7,586	6,175
Foreign exchange gains	5,829	1,752
Miscellaneous operating income	39,687	67,511
Other operating income	**70,654**	**85,521**

For information about the income from the Kirch insolvency, please refer to note (11).

In addition to a reversal of impairment losses on investment properties in prior years amounting to € 5,500 thousand (PY: € 142 thousand), miscellaneous other operating income includes a variety of immaterial circumstances.

(22) Purchased goods and services

The purchased goods and services broke down as follows:

€ thousands	2009	2008
Raw materials and supplies and purchased merchandise	282,697	314,112
Purchased services	603,748	631,261
Purchased goods and services	**886,445**	**945,374**

Raw materials and supplies and purchased merchandise comprise paper costs amounting to € 196,125 thousand (PY: € 223,872 thousand).

The cost of purchased services was predominantly composed of purchased third-party printing services and professional fees, as well as publisher services. The purchased third-party printing services also include paper costs.

(23) Personnel expenses

The personnel expenses split up as follows:

€ thousands	2009	2008
Wages and salaries	691,009	626,035
Social security	83,859	82,430
Expenses for share-based payments	4,307	1,023
Pension expenses	7,609	8,412
Other benefit expenses	5,159	4,557
Personnel expenses	**791,943**	**722,457**

The average number of employees in the Group is shown below:

	2009	2008
Salaried employees	6,436	6,112
Editors	3,378	3,566
Wage-earning employees	927	988
Total employees	**10,740**	**10,666**

The increase year-on-year resulted from the initial consolidation of acquired companies.

(24) Depreciation, amortization, and impairments

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

€ thousands	2009	2008
Impairment losses in goodwill	0	2,107
Amortization of other intangible assets	38,217	31,096
Impairment losses in other intangible assets	1,651	28,731
Depreciation of property, plant, and equipment	51,387	49,492
Impairment losses in property, plant, and equipment	379	7
Depreciation of investment property	716	656
Depreciation, amortization, and impairments	**92,350**	**112,088**

The increase in the amortization of other intangible assets primarily resulted from additional amortization charges deriving from the initial consolidation of acquired companies in fiscal year 2009.

Impairment losses in goodwill and other intangible assets of the prior year primarily related to the segment Magazines National.

Impairment losses in non-current financial assets are included in income from investments.

(25) Other operating expenses

The other operating expenses broke down as follows:

€ thousands	2009	2008
Mailing and postage expenses	161,743	170,845
Advertising expenses	151,183	152,864
Expenses for non-company personnel	92,446	91,853
Commissions and gratuities	75,897	83,630
Rental and leasing expenses	34,105	33,410
Services provided by related parties	31,843	29,663
Maintenance and repairs	25,446	26,886
Travel expenses	18,540	20,127
Adjustment of allowances for doubtful receivables	15,975	5,362
Other taxes	10,250	8,722
Foreign exchange losses	6,868	4,465
Miscellaneous operating expenses	80,811	69,508
Other operating expenses	**705,107**	**697,335**

The following professional fees for the services rendered by the auditor Ernst & Young GmbH were recognized:

€ thousands	2009	2008
Audits of the annual financial statements	786	627
Other certification or appraisal services	188	130
Tax advisory services	132	561
Other services	692	220
Total professional fees	**1,798**	**1,538**

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

(26) Income from investments

The investment income in the reporting year mainly resulted from the profit from the sale of investments in regional newspapers (€ 210,971 thousand), as well as impairments of the investments in PRINOVIS (€ 16,024 thousand) and ZertifikateJournal (€ 4,474 thousand).

In the prior year, the investment income primarily resulted from the profit from the sale of shares of ProSiebenSat.1 Media AG in the amount of € 438,250 thousand, as well as the impairment of the investment in PRINOVIS.

(27) Financial result

The financial result broke down as follows:

€ thousands	2009	2008
Interest income from derivatives	526	14,810
Interest income from bank accounts	1,757	5,772
Interest income from loans and securities	155	1,343
Miscellaneous interest income	10,817	11,453
Interest income	**13,255**	**33,378**
Interest expenses on liabilities due to banks	–12,075	–29,278
Interest expenses on pension provisions, less reimbursements	–19,703	–18,505
Interest expenses from derivatives	–8,464	–10,815
Miscellaneous interest expenses	–7,439	–8,136
Interest and similar expenses	**–47,681**	**–66,734**
Other financial result	**9,446**	**–28,191**
Financial result	**–24,980**	**–61,547**

The other financial result contained income of € 9,432 thousand (PY: expenses of € 27,806 thousand) for the change in fair value of the H&F options, which particularly resulted from the increased share price.

The total interest income and expenses for those financial assets and liabilities that were not measured at fair value through profit or loss are presented in the table below:

€ thousands	2009	2008
Total interest income	5,943	9,840
Total interest expenses	–21,235	–32,427

(28) Income taxes

The income taxes paid or owed and the deferred taxes are recognized under income taxes. Income taxes consist of trade tax, corporate income tax, and solidarity surcharge, and the corresponding foreign income taxes. The income tax expenses are broken down below:

€ thousands	2009	2008
Current taxes	99,700	120,249
Deferred taxes	–15,860	–3,062
Income taxes	**83,840**	**117,187**

The income tax expense applying the tax rate of Axel Springer AG reconciles to the income tax expense recognized in the income statement as follows:

€ thousands	2009	2008
Income before income taxes	397,739	688,254
Tax rate of Axel Springer AG	31.19 %	31.19 %
Expected tax expenses	**124,055**	**214,666**
Differing tax rates	7,253	15,364
Permanent differences	–5,576	33,586
Adjustments to carrying amounts of deferred taxes	8,653	–3,838
Current income taxes for prior years	435	3,862
Deferred income taxes for prior years	4,203	169
Non-deductible operating expenses	8,490	11,359
Tax-exempt income	–37,273	–160,191
Trade tax additions/deductions	–25,494	1,264
Other effects	–906	947
Income taxes	**83,840**	**117,187**

Companies having the legal form of a corporation resident in Germany are subject to corporate income tax at the rate of 15 % and solidarity surcharge of 5.5 % of the corporate income tax owed. In addition, these companies are subject to trade tax, for which the amount is municipality-specific. Companies having the legal form of a partnership are subject to trade tax exclusively. The net income is assigned to the shareholder for purposes of corporate income tax.

The effects of different tax rates for partnerships and for foreign income taxes from the tax rate applicable to Axel Springer AG are explained in the reconciliation in the item differing tax rates. The permanent differences mainly resulted from impairment losses in goodwill, deconsolidation effects, and foreign losses that are not taken into account for tax purposes. The adjustments to the carrying amounts of deferred taxes included € 8,262 thousand (PY: € 14,982 thousand) for the non-recognition of deferred taxes on tax loss carry-forwards. The tax exemption effects in 2009 mainly resulted from the sale of investments in regional newspapers, in the previous year predominantly from the sale of the shares in ProSiebenSat.1 Media AG. The trade tax deductions in 2009 mainly resulted from the sale of investments in partnerships.

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

€ thousands	12/31/2009		12/31/2008	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets*	Deferred tax liabilities
Intangible assets	13,742	84,409	16,767	62,597
Other property, plant and equipment	105	124,913	102	126,145
Non-current financial assets	862	3,336	4,576	18,233
Inventories	1,278	0	915	0
Receivables and other assets	1,009	6,359	1,504	8,089
Pension provisions	21,414	0	17,551	0
Other provisions	6,901	623	5,611	203
Liabilities	9,248	569	7,345	375
Temporary differences	**54,559**	**220,209**	**54,371**	**215,642**
Tax loss carry-forwards	**14,037**	**0**	**8,046**	**0**
Total	**68,596**	**220,209**	**62,417**	**215,642**
Offsetting	–52,323	–52,323	–49,385	–49,385
Amounts as per balance sheet	**16,273**	**167,886**	**13,032**	**166,257**

*) Adjusted due to the change of the accounting policy for pension obligations.

The net balance of deferred tax items from January 1 to December 31, 2009, was derived as follows:

€ thousands	2009	2008*
Deferred tax assets at January 1	13,032	8,733
Deferred tax liabilities at January 1	– 166,257	– 198,465
Net tax position at January 1	**– 153,225**	**– 189,732**
Deferred tax expenses of current year	15,860	3,062
Changes in deferred taxes recognized in other comprehensive income	6,706	1,676
Changes in consolidation group	– 20,954	31,769
Net tax position at December 31	**– 151,613**	**– 153,225**
Deferred tax assets at December 31	16,273	13,032
Deferred tax liabilities at December 31	– 167,886	– 166,257

*) Adjusted due to the change of the accounting policy for pension obligations.

Of the deferred tax assets, an amount of € 4,602 thousand (PY: € 7,824 thousand), of the deferred tax liabilities, an amount of € 2,767 thousand (PY: € 2,443 thousand) can be realized in the short term.

The amount of deferred tax assets to be disclosed in accordance with IAS 12.82 was € 14,771 thousand (PY: € 17,104 thousand). It is expected that this amount can be realized by application against the available operating income and structural measures in subsequent years.

Deferred taxes in the total amount of € 6,433 thousand (PY: € – 269 thousand; adjusted due to the change of the accounting policy for pension obligations) were recognized directly in equity, as they relate to matters that were likewise recognized directly in equity.

In fiscal year 2009, no deferred tax assets were recognized with respect to corporate income tax loss carry-forwards amounting to € 389,295 thousand (PY: € 109,849 thousand), and with respect to trade tax loss carry-forwards amounting to € 39,875 thousand (PY: € 38,481 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, an amount of € 64,266 thousand (PY: € 41,833 thousand) can be carried forward for up to five years and an amount of € 9,718 thousand (PY: € 11,214 thousand) can be carried forward for six to ten years. The utilization of tax loss carry-forwards that had not previously been recognized as deferred tax assets caused a reduction in income tax expenses of € 95 thousand (PY: € 2,472 thousand). Capitalized tax loss carry-forwards in the amount of € – 280 thousand (PY: € – 6,750 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 interest in the equity of the subsidiaries as presented in the consolidated balance sheet and the corresponding investment balance recognized in the financial statements for tax purposes. Such differences can result from the retention of earnings. Deferred tax liabilities were not recognized on differences of € 10,206 thousand (PY: € 13,276 thousand) because a realization is not planned at the present time. In the case of sale or profit distribution, the gain on disposal respectively the dividend would be subject to taxation with 5 % in Germany; in addition, foreign withholding taxes might incur.

(29) Earnings per share

The earnings per share were determined as follows:

		2009	2008
Net income attributable to shareholders of Axel Springer AG	**€ thousands**	**303,481**	**560,050**
Weighted average shares outstanding	000s	29,748	30,141
Dilution effect upon exercise of stock options	000s	33	63
Weighted average shares diluted	000s	29,781	30,204
Net income attributable to shareholders of Axel Springer AG per share			
basic	€	10.20	18.58
diluted	€	10.19	18.54

(30) Other income/loss

The other income/loss broke down as follows:

€ thousands	2009 Before tax	2009 Tax effect	2009 Net	2008 Before tax	2008 Tax effect	2008 Net
Actuarial gains/losses from defined benefit pension obligations	–8,624	2,524	–6,100	5,554	–1,672	3,882
Currency translation differences	1,655	0	1,655	10,339	0	10,339
Changes in fair value of available-for-sale financial assets	6	0	6	–434,169	0	–434,169
Changes in fair value of derivatives in cash flow hedges	–6,524	2,021	–4,503	–15,402	4,068	–11,334
Changes in revaluation surplus	–3,086	0	–3,086	0	0	0
Other income/loss from investments accounted for using the equity method	–6,739	2,161	–4,578	–10,872	–1,446	–12,318
Other income/loss	**–23,312**	**6,706**	**–16,606**	**–444,550**	**950**	**–443,600**

In the prior year, changes in fair value of available-for-sale securities were recognized in income in the amount of € 434,174 thousand.

Notes to the consolidated statement of cash flows

(31) Composition of cash and cash equivalents

Cash and cash equivalents were composed of the following elements:

€ thousands	12/31/2009	12/31/2008
Cash	197,259	154,521
Securities with a term of less than three months	0	8
Cash and cash equivalents	**197,259**	**154,529**

Of the cash and cash equivalents presented in the consolidated cash flow statement, an amount of € 3,464 thousand (PY: € 4,460 thousand) was restricted.

(32) Other disclosures

The other non-cash income and expenses particularly resulted from the fair value measurement of financial derivatives.

Capital expenditures of € 1,737 thousand (PY: € 584 thousand), most of which for investments in property, plant, and equipment, had not yet been realized as cash payments. Acquisitions obtaining control respectively divestitures losing control of companies and businesses resulted in net payments of € 31,259 thousand (PY: € 12,932 thousand).

In the prior year, the cash flows related to assets held for sale were assigned to the original line items in the consolidated cash flow statement.

Notes to the segment report

(33) Basic principles of segment reporting

The segment reporting reflects the internal management and reporting structures. We already applied IFRS 8 “Operating Segments” in the prior year.

The reporting format is structured according to the operating business areas of the Axel Springer Group and comprises the reporting segments Newspapers National, Magazines National, Print International, Digital Media, and Services/Holding.

Segment liabilities and investments were no longer disclosed as these measures are not used for decision making at segment level.

(a) Operating segments

The Newspapers National segment includes daily and Sunday newspapers, national and regional subscription newspapers, and advertising supplements. This segment also included investments in German newspaper publishing companies.

The Magazines National segment includes TV program guides, women’s magazines, men’s magazines, youth magazines, computer magazines, business magazines, news magazines, family magazines, and further special-interest magazines, as well as investments in magazine publishing companies in Germany.

The newspapers and magazines published in foreign countries are comprised within the Print International segment.

The online and broadcasting activities are comprised within the Digital Media segment. In particular, this segment comprises online activities derived from print brands and the previously existing activities of ZANOX, Idealo, Immonet, auFeminin, StepStone, and Digital Window. Furthermore, this segment also comprises the investment in the TV broadcast company Doğan TV.

The Services/Holding segment comprises the remaining business activities, including services such as customer service, sales, logistics, direct marketing, and office buildings, as well as purely internal departments like IT, accounting, human resources, and corporate staff departments. Our three offset printing plants, investments in two offset printing plants outside Germany, and the rotogravure printing company PRINOVIS are likewise included in the Services/Holding segment.

(b) Geographical Information

The activities of the Axel Springer Group are conducted mainly in Germany and in other European countries.

(34) Segment information

The segment information was compiled on the basis of the recognition and measurement methods applied in the consolidated financial statements. The external revenues consist of circulation revenues from the sale of publishing products, advertising revenues, and revenues from rendering services. The internal revenues consist of revenues from the exchange of goods and services between the various segments. The transfer pricing is based on cost coverage.

We use the performance figure EBITDA (earnings before interest, taxes, depreciation and amortization) to measure segment earnings. In calculating this performance figure, non-recurring effects and purchase price allocation effects are eliminated.

Non-recurring effects include effects from the acquisition and disposal of subsidiaries, business divisions, and investments, as well as impairment and write-ups of investments, effects from the sale of real estate, and special depreciation and write-ups of real estate used by the company. The non-recurring effects include the results of the sale of a number of investments and business divisions (€ 208,039 thousand), impairment of investments (€ – 21,827 thousand), and costs in connection with acquisitions of business occurring in the fiscal year and planned for the future (€ – 5,812 thousand). In the prior year, effects from the sale of investments (€ 438,736 thousand) and write-ups and impairment of investments (€ – 62,473 thousand) were recognized.

The effects of purchase price allocations mainly consisted of amortization and depreciation, as well as impairments of intangible assets and property, plant, and equipment that were acquired in the context of business combinations. In 2009, the effects of purchase price allocations amounted to € 26,692 thousand (PY: € – 46,473 thousand). Impairment of € 28,731 thousand was included in the prior year.

Segment assets are composed of the assets required for operation. Certain assets in the amount of approximately € 366 million (PY: € 307 million) were not segmented. They mainly included cash and cash equivalents as well as income tax assets.

For purposes of geographical segment reporting, the revenues are segmented according to the location of the customer's registered office.

Other disclosures

(35) Capital management

Beyond the provisions of German law applicable to stock corporations, Axel Springer AG is not subject to any further obligations relating to capital preservation, whether from its own Articles of Incorporation or from contractual obligations. The financial key figures used by the company for management purposes are primarily earnings-driven. The goals, methods, and processes of our capital management are subordinate to the earnings-driven financial key figures.

For the purpose of maintaining and adjusting the capital structure, the company can adjust the dividend payments to its shareholders or purchase treasury shares representing up to 10.0 % of the subscribed capital. Treasury shares can be used for acquisition financing or they can be retired. At December 31, 2009, the treasury shares represented 9.6 % of the company's share capital.

Under the terms of its Management Participation Program, the company is obligated to sell treasury shares to the management. At the balance sheet date we possessed enough treasury shares to fulfill the obligations of the program.

(36) Financial assets and liabilities

(a) Presentation by categories

The balance sheet items comprising financial assets and liabilities can be attributed to the measurement categories according to IAS 39 as follows:

€ thousands	Carrying amount	Loans and receivables	Financial liabilities measured at amortized cost	Available-for-sale financial assets	Financial assets and liabilities held for trading	No category according to IAS 39
Assets 12/31/2009						
Other non-current investments and securities	30,287			30,287		
Loans and advances	4,366	4,366				
Other non-current financial assets	34,653	4,366		30,287		
Trade receivables	301,947	301,947				
Receivables due from related parties	43,987	14,523				29,464
Derivatives not designated as a hedging instrument	11,169				11,169	
Other	211,444	189,538				21,906
Other assets	222,613	189,538			11,169	21,906
Cash and cash equivalents	197,259	197,259				
Liabilities 12/31/2009						
Financial liabilities	390,281		390,281			
Trade payables	206,338		206,338			
Liabilities due to related parties	26,348		22,213			4,135
Derivatives designated as a hedging instrument	21,769					21,769
Other	309,935		104,578		257	205,100
Other liabilities	331,704		104,578		257	226,869
Assets 12/31/2008						
Other non-current investments and securities	31,533			31,533		
Loans and advances	3,783	3,783				
Other non-current financial assets	35,316	3,783		31,533		
Trade receivables	264,875	264,875				
Receivables due from related parties	55,582	25,828				29,754
Derivatives designated as a hedging instrument	19					19
Derivatives not designated as a hedging instrument	1,840				1,840	
Other	63,192	41,236				21,956
Other assets	65,051	41,236			1,840	21,975
Cash	154,521	154,521				
Securities with a term of less than three months	8				8	
Cash and cash equivalents	154,529	154,521			8	
Liabilities 12/31/2008						
Financial liabilities	524,028		524,028			
Trade payables	184,989		184,989			
Liabilities due to related parties	24,518		24,518			
Derivatives designated as a hedging instrument	15,236					15,236
Other	265,865		74,442			191,423
Other liabilities	281,101		74,442			206,659

(b) Other disclosures for financial assets and liabilities

For financial assets and liabilities measured at fair value, measurement was based on generally accepted valuation methods using observable market data.

With the exception of the financial liabilities presented in the table below, the carrying amounts of the non-derivative financial assets and liabilities were identical to their fair values.

€ thousands	12/31/2009		12/31/2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities due to banks	390,281	394,839	524,028	527,325

The net gains and losses recognized in the income statement (excluding financial derivatives subject to hedge accounting) are presented in the following table:

€ thousands	2009	2008
Loans and receivables, financial liabilities	–16,657	–7,897
Available-for-sale financial assets	12,784	435,904
Financial assets and liabilities held for trading	1,432	–24,732

The net gains and losses in the categories of “loans and receivables” and “financial liabilities” consisted mainly of valuation allowances, net gains or losses on disposal, and the result from the currency translation of these financial assets and liabilities. The net gains or losses of available-for-sale financial assets consisted mainly of the gains and losses on the disposal of these financial assets. The net gains and losses in the category of “financial assets and liabilities held for trading” did not include interest. The effects mostly resulted from valuation changes and other expenses for financial derivatives assigned to this category.

Relating to available-for-sale financial assets, positive fair value changes of € 4 thousand (PY: € 8 thousand) were recognized directly in equity. Profits of € 0 thousand (PY: € 434,174 thousand) were transferred from equity to income.

(37) Financial risk management

(a) Basic principles of financial risk management

With respect to its assets, liabilities, and planned transactions, the Axel Springer Group is especially exposed to risks relating to changes in interest rates, foreign exchange rates, and stock market prices. The task of financial risk management is to limit these market risks by means of targeted measures. To this end, selected derivative hedging instruments are employed, depending on the assessment of the risk in question.

To reduce the default risk, hedging transactions are conducted, as a rule, only with leading financial institutions that have top-quality credit ratings.

The use of financial derivatives is governed by appropriate guidelines of the Group. These guidelines define the relevant responsibilities, permissible actions, and reporting requirements, and prescribe the strict separation of trading and back-office functions.

With regard to the market price risks of selected financial assets and liabilities, 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 assets and liabilities can be assessed promptly and, where applicable, the loss risks can be reduced.

(b) Interest rate risk

To hedge the interest rate risk, the Group employs interest rate derivatives such as interest rate swaps, collars, forward rate agreements, and interest futures. The goals and methods are defined in the internal finance regulations. Market interest rate risks are assessed by means of sensitivity analysis techniques. Such techniques represent the effects of changes in market interest rates on interest payments, interest income and expenses, other components of income, and where applicable, also on equity. The interest rate sensitivity analysis is conducted on the basis of the assumptions described below:

Changes in market interest rates of non-derivative fixed-interest financial assets and liabilities have an impact on income only when they are measured at fair value. Therefore, all fixed-interest financial assets and liabilities measured at amortized cost are not exposed to risks resulting from interest rate changes.

Changes in market interest rates have an impact on the income of non-derivative variable-interest financial assets and liabilities when the interest payments are not designated as underlying transactions for cash flow hedges against interest rate risks, and are therefore included in the calculation of the sensitivity analysis with respect to income.

Changes in market interest rates of financial assets and liabilities that have been designated as hedging instruments in connection with a cash flow hedge against cash flow variability resulting from changes in interest rates have an impact on the accumulated other comprehensive income, and are therefore included in the sensitivity analysis with respect to equity.

Changes in market interest rates of interest rate derivatives that are not designated as hedging instruments have an impact on the financial result, and are therefore included in the sensitivity analysis with respect to income.

If the market interest rates had been 50 basis points higher (lower) at the balance sheet date, the measured value of interest rate derivatives at the balance sheet date would have been € 4,514 thousand higher (€ 4,624 thousand lower). The changes in the valuation would have been recognized directly in equity.

At the balance sheet date, an amount of € 0 (PY: € 128 million) of the variable-interest liabilities due to banks was not hedged. In the annual average, 91 % (PY: 87 %) of the liabilities have been hedged.

(c) Currency risk

The currency risks of the Axel Springer Group result primarily from investments, financing activities, and operating activities. Currency risks are hedged to the extent that they have an impact on the Group's cash flows. Currency risks that do not have an impact on the Group's cash flows (i.e., those risks that result from the currency translation of the assets and liabilities of foreign subsidiaries to the Group's reporting currency) are not taken into account.

The individual Group companies conduct their business predominantly in their functional currency. They are exposed to operational currency risks only to an extent that is insignificant for the Group. These currency risks are hedged by means of forward exchange transactions, which are based on the strategic currencies that have been defined on the Group-wide level. The forward exchange dates of such transactions are determined on the basis of the expected cash flows.

At December 31, 2009, forward exchange transactions existed for loans of foreign subsidiaries with a nominal value of € 19,220 thousand. The fair value was € 334 thousand. At the balance sheet date of the prior year, no forward exchange transactions were in the portfolio. Due to the insignificant impact of currency risks on the Group's income and equity, a sensitivity analysis was not conducted.

(d) Credit risk

Financial assets may be impaired if business partners do not adhere to payment obligations. Especially trade receivables resulting from operating activities are subject to credit risk. Their maximum exposure to credit risk is reflected in the total amount of trade receivables presented in the statement of financial position.

A deferred payment of € 150,000 thousand plus interest payable arising from the sale of investments in regional newspapers is secured by a lien on one of the disposed investments. The receivable is included in other assets (non-current).

To reduce the credit risk, we conduct an active management of receivables and credit checks of our business partners. Investments in securities are made only in instruments with first-class ratings. Appropriate allowances, especially for doubtful trade receivables, are formed to account for discernible default risks.

(38) Financial derivatives

(a) Financial derivatives designated as hedging instruments

In 2009, designated hedging instruments were used in particular to hedge against the interest rate risks of long-term liabilities. The cash flows were hedged through interest rate derivatives (interest rate swaps and collars). The maturities and nominal amounts of the interest rate derivatives were chosen to match the corresponding tranches of the variable-interest loans (hedged items). The interest rate derivatives were measured at fair value. The changes in the fair value are recognized in accumulated other comprehensive income until the hedged item is realized. At December 31, 2009, loans in the nominal amount of € 311,231 thousand (PY: € 311,711 thousand) were hedged. The fair value measurement of the interest rate derivatives at the balance sheet date yielded positive fair values of € 0 thousand (PY: € 19 thousand) and negative fair values of € 21,769 thousand (PY: € 15,236 thousand). Fair value changes in the net amount of € – 15,475 thousand (PY: € – 10,986 thousand) after taxes were recognized in accumulated other comprehensive income.

(b) Financial derivatives not designated as hedging instruments

For interest rate management purposes, no financial derivatives were employed without designation as a hedging instrument. In the prior year, interest rate futures were employed to hedge the fair values of interest rate hedging instruments, from which € 8,988 thousand were recognized to income.

(39) Relationships with related parties

Related parties are defined as those persons and companies that control or can exert a significant influence over the Axel Springer Group, or that are controlled or subject to significant influence by the Axel Springer Group. In particular, the members of the Springer family, the companies controlled or subject to significant influence by this family, the active members of the Management Board and Supervisory Board of Axel Springer AG, and the subsidiaries and associated companies of the Axel Springer Group have been defined as related parties. Prior year disclosures have been adjusted due to an amended allocation scheme for certain investments to related parties.

Besides the business relationships with the consolidated subsidiaries, the following business relationships existed with related parties:

€ thousands

Balance sheet	Note	12/31/2009	12/31/2008
Loans	(i)	2,483	2,083
Receivables	(ii)	43,987	55,582
Provisions	(iii)	5,435	4,699
Liabilities	(iv)	26,349	24,519
Income statement		**2009**	**2008**
Goods and services supplied	(v)	74,804	79,160
Good and services received	(vi)	141,635	173,439
Financial result		690	2,231

(i) At the balance sheet date, the loans to related parties related to associates, in the amount of € 446 thousand (PY: € 499 thousand), and other related companies in the amount of € 2,037 thousand (PY: € 1,584 thousand).

(ii) Of the total receivables due from related parties, trade receivables accounted for € 13,049 thousand (PY: € 17,435 thousand). Of this amount, € 4,738 thousand (PY: € 4,422 thousand) was owed by associates and € 8,311 thousand (PY: € 13,013 thousand) by other related companies. Valuation allowances were deducted from the receivables stated above. At the balance sheet date, allowances had been charged against receivables due from associated companies in the amount of € 2,694 thousand (PY: € 2,074 thousand), and against receivables due from other related companies in the amount of € 17,590 thousand (PY: € 17,185 thousand).

Moreover, a receivable of € 29,464 thousand (PY: € 29,754 thousand) was owed by an associated company in connection with the right to reimbursement of pension obligations (cf. note (14)).

(iii) These are pension obligations owed to members of the Management Board.

(iv) The liabilities due to related parties consisted of trade payables in the amount of € 19,191 thousand (PY: € 22,784 thousand). Of this amount, € 4,469 thousand (PY: € 7,568 thousand) was owed to associates and € 14,722 thousand (PY: € 15,217 thousand) to other related companies.

(v) Goods and services provided to related companies were mostly related to the distribution of newspapers and magazines. Revenues of € 66,423 thousand (PY: € 70,415 thousand) were generated with associated companies and revenues of € 8,381 thousand (PY: € 8,745 thousand) were generated with other related companies in 2009.

(vi) The goods and services received from related companies were primarily rendered by associates. Of this amount, € 75,717 thousand (PY: € 113,335 thousand) mainly related to purchased publishing products and printing services. In addition, services in the amount of € 43,868 thousand (PY: € 42,928 thousand) were purchased from other related companies.

A master agreement for the printing of magazines is in effect with one associated company until December 31, 2019. Under this agreement, services in the amount of € 63 million (PY: € 73 million) were rendered for companies of the Axel Springer Group in 2009.

In 2009, the fixed compensation of the members of the Management Board of Axel Springer AG amounted to € 8,887 thousand (PY: € 8,237 thousand). The variable compensation amounted to € 8,800 thousand (PY: € 4,891 thousand). The share-based compensation granted to the Management Board of Axel Springer AG (cf. note (13f)) gave rise to an imputed compensation component of € 1,460 thousand (PY: € 406 thousand), in addition to the compensation mentioned above. This amount was recognized as personnel expenses. The pension provisions were increased by an amount of € 736 thousand in fiscal year 2009 (PY: € 897 thousand).

The compensation of the members of the Supervisory Board amounted to € 2,425 thousand in fiscal year 2009 (PY: € 2,725 thousand). This figure included variable compensation of € 425 thousand (PY: € 725 thousand). A Supervisory Board member received a compensation of € 125 thousand (PY: € 125 thousand) for his services as an author.

The compensation of the members of the Management and Supervisory Board is described in detail in the compensation report, which is part of the notes to the consolidated financial statements. The compensation report is included in the section “Declaration on Corporate Governance pursuant to Section 289a HGB and Corporate Governance Report”.

An amount of € 3,856 thousand (PY: € 2,140 thousand) was paid to former Management Board members and special directors and their survivors. A total amount of € 26,082 thousand (PY: € 25,599 thousand) was allocated to the provisions for pension obligations.

(40) Contingent liabilities

At December 31, 2009, contingent liabilities from guarantees existed in the amount of € 33,268 thousand (PY: € 20,746 thousand). In addition, obligations from an acquisition-related contingent consideration existed in the amount of € 2,415 thousand (PY: € 0 thousand), but we consider their occurrence as unlikely. Furthermore, property, plant, and equipment in the amount of € 98,053 thousand (PY: € 104,529 thousand) had been pledged as security for liabilities at December 31, 2009.

(41) Contingent assets

Contingent receivables were due from KirchMedia GmbH & Co KGaA i.L. in the amount of € 274 million (PY: € 280 million (cf. note (11)).

(42) Other financial commitments

The other financial commitments broke down as follows:

€ thousands	12/31/2009	12/31/2008
Purchase commitments for		
- intangible assets	8,359	6,488
- property, plant and equipment	7,565	5,412
- inventories	9,921	11,926
Future payments under operating leases	71,051	93,693
Long-term purchase obligations	285,226	292,083
Other financial commitments	**382,122**	**409,602**

The long-term purchase obligations resulted from paper supply contracts.

The total future payment obligations under operating leases at December 31, 2009 are broken down in the following table:

€ thousands	Due in up to one year	Due in one to five years	Due in more than five years	Total
Future payments under operating leases	24,131	44,031	2,889	71,051
Total	**24,131**	**44,031**	**2,889**	**71,051**

(43) Events after the balance sheet date

There were no significant events after the balance sheet date.

(44) Companies included in the consolidated financial statements

No.		Shareholding in %	Held via No.	Other disclosures
	Fully consolidated companies			
	Germany			
1	Axel Springer Aktiengesellschaft, Berlin	-	-	
2	AS Online Beteiligungs GmbH, Berlin	100.0	1	
3	AS Osteuropa GmbH, Berlin	100.0	1	
4	AS TV-Produktions- und Vertriebsgesellschaft mbH, Hamburg	100.0	1	
5	ASV Direktmarketing GmbH, Berlin	100.0	1	(1) (2)
6	Axel Springer Asia GmbH, Hamburg	100.0	1	
7	Axel Springer Auto-Verlag GmbH, Hamburg	100.0	1	(1) (2)
8	Axel Springer Digital TV GmbH, Berlin	100.0	1	(1) (2)
9	Axel Springer Digital TV Guide GmbH, Berlin	100.0	1	(1) (2)
10	Axel Springer Financial Media GmbH, Munich	100.0	1	(1) (2)
11	Axel Springer Media Logistik GmbH, Berlin	100.0	1	
12	Axel Springer Mediahouse Berlin GmbH, Berlin (formerly Axel Springer Mediahouse München GmbH, Munich)	100.0	1	(1) (2)
13	Axel Springer Medien Accounting Service GmbH, Berlin	100.0	1	(1) (2)
14	Axel Springer Services & Immobilien GmbH, Berlin	100.0	1	(1) (2)
15	Axel Springer TV NEWS GmbH, Hamburg	100.0	16	
16	Axel Springer TV Productions GmbH, Hamburg	100.0	1	(1) (2)
17	Axel Springer Venture GmbH (formerly AS Venture GmbH), Berlin	100.0	1	(1) (2)
18	'Axel Springer Verlag' Beteiligungsgesellschaft mbH, Berlin	100.0	1	(1) (2)
19	Axel Springer Verlag Vertriebsgesellschaft mbH, Hamburg	100.0	1	
20	B.Z. Media GmbH, Berlin	100.0	21	(1)
21	B.Z. Ullstein GmbH, Berlin	100.0	43	
22	Bergedorfer Buchdruckerei von Ed. Wagner (GmbH & Co.), Hamburg	100.0	1	(3)
23	BERLINER WOCHENBLATT Verlag GmbH, Berlin	100.0	49	(1)
24	BILD digital GmbH & Co. KG, Berlin	100.0	1	(3)
25	Buch- und Presse-Großvertrieb Hamburg GmbH & Co. KG, Hamburg	69.8	1	(3)
26	Commerz-Film GmbH, Berlin	100.0	1	(1) (2)
27	comparado GmbH, Lüneburg	74.9	33	
28	Computerbild Online Dienstleistungs-GmbH, Hamburg	100.0	1	(1) (2)
29	DW-Holding GmbH, Berlin	52.5	17	(4)
30	eprofessional GmbH, Hamburg	52.5	50	
31	gamigo AG, Hamburg	100.0	17	
32	Gofeminin.de GmbH, Cologne (formerly Gofeminin.de GmbH, Berlin)	82.4	56	
33	Idealo Internet GmbH, Berlin	74.9	17	
34	Immonet GmbH, Hamburg	100.0	1	(1) (2)
35	ims Internationaler Medien Service GmbH & Co. KG, Hamburg	55.0	1	(3)
36	Niendorfer Wochenblatt Verlag GmbH & Co. KG, Hamburg	100.0	49	(3)
37	"Sächsischer Bote" Wochenblatt Verlag GmbH, Dresden	100.0	49	(1)
38	Schwartzkopff TV-Productions GmbH & Co. KG, Hamburg	100.0	16	(3)
39	Smarthouse Media GmbH, Karlsruhe	88.0	1	
40	Sport-B.Z. GmbH, Berlin	100.0	43	
41	StepStone Group (3 domestic companies)	100.0	1, 79	(4)
42	Transfermarkt GmbH & Co. KG, Hamburg	51.0	24	(3)
43	Ullstein Gesellschaft mit beschränkter Haftung, Berlin	100.0	18	
44	VISION MEDIA Holding GmbH, Hamburg	100.0	1	
45	VVDG Verlags- und Industrieversicherungsdienste GmbH, Berlin	100.0	18	(1) (2)
46	wallstreet:online AG, Berlin	75.0	10	
47	wallstreet:online capital AG, Berlin	75.1	10	
48	WBV Direktzustell-GmbH, Hamburg	100.0	49	
49	WBV Wochenblatt Verlag GmbH, Hamburg	100.0	1	
50	ZANOX.de AG, Berlin	52.5	17	
51	ZZ-Kurier Gesellschaft für Zeitungs- und Zeitschriftenvertrieb mbH, Hamburg	100.0	1	(1) (2)
	Other countries			
52	Amiado Group AG (formerly Verlag Sport Wochenzeitung AG), Zurich/Switzerland	99.8	66	
53	Anima Publishers, s.r.o., Zlin/Czech Republic	74.9	64	
54	AS-NYOMDA Kft, Kecskemét/Hungary	93.5	59	(4)
55	auFeminin.com Productions SARL, Paris/France	82.4	56	
56	auFeminin.com S.A., Paris/France	82.4	2	
57	Avivum AG, Zurich/Switzerland	99.8	52	
58	Axel Springer - Budapest Kiadói Kft, Budapest/Hungary	92.9	1	
59	Axel Springer - Magyarország Kft, Tatabánya/Hungary	93.5	1	
60	Axel Springer Editions S.A.S., Levallois-Perret/France	100.0	62	
61	Axel Springer España S.A., Madrid/Spain	100.0	1	
62	Axel Springer France S.A.S., Levallois-Perret/France	100.0	1	
63	"Axel Springer Polska" Sp. z o.o., Warsaw/Poland	100.0	1	
64	Axel Springer Praha a.s., Prague/Czech Republic	100.0	1	
65	"Axel Springer Russia" Geschlossene Aktiengesellschaft, Moscow/Russia	100.0	3	
66	Axel Springer Switzerland AG, Zurich/Switzerland	99.8	1	
67	Digital Window Limited, London/Great Britain	26.3	29	(4)
68	Handelszeitung und Finanzrundschau AG, Zurich/Switzerland	100.0	1	
69	Les Publications Grand Public S.A.S., Levallois-Perret/France	100.0	62	
70	Marmiton SAS, Paris/France	82.4	56	
71	Népújság Kft, Békéscsaba/Hungary	94.0	18	
72	PartyGuide.ch AG, Hünenberg/Switzerland	99.8	52	
73	Petőfi Lap- és Könyvkiadó Kft, Kecskemét/Hungary	94.0	18	
74	Shanghai Springer Advertising Company Ltd., Shanghai/China	100.0	6	
75	Shanghai Springer Distribution Company Ltd., Shanghai/China	100.0	6	
76	Smart Adserver Limited, London/Great Britain	82.4	56	
77	SmartAdServer SAS, Paris/France	82.4	56	
78	soFeminine.co.uk Limited, London/Great Britain	82.4	56	
79	StepStone ASA, Oslo/Norway (incl. 38 foreign companies of StepStone Group)	100.0	1	(4)
80	Students.ch AG (formerly Amiado AG), Zurich/Switzerland	100.0	68	
81	Viviana Investments Sp. z o.o., Warsaw/Poland	100.0	63	
82	zanox B.V., Amsterdam/Netherlands	52.5	50	
83	ZANOX Hispania SL, Madrid/Spain	52.5	50	
84	zanox Inc., Chicago/USA	52.5	50	
85	zanox ltd., London/Great Britain	52.5	50	
86	zanox SAS, Paris/France	52.5	50	
87	zanox SRL, Milan/Italy	52.5	50	
88	zanox we create partners AB, Stockholm/Sweden	52.5	50	
89	ZÖLD ÚJSÁG Tömegkommunikációs és Kiadói Zrt, Budapest/Hungary	93.5	59	
	Fully consolidated special purpose entities			
	Germany			
90	Axel-Springer-Immobilien-Fonds-I Dr.Rühl & Co.KG, Düsseldorf	--	--	
91	Axel-Springer-Immobilien-Fonds-II-Produktionszentrum Dr.Rühl & Co.KG, Düsseldorf	--	--	
92	Axel-Springer-Immobilien-Fonds-III- Ostflügel Dr.Rühl & Co.KG, Düsseldorf	--	--	
	Investments accounted for using the equity method			
	Germany			
93	buecher.de GmbH & Co. KG, Augsburg	33.3	1	
94	Cora Verlag GmbH & Co. KG, Hamburg	50.0	18	
95	Jahr Top Special Verlag GmbH & Co. KG, Hamburg	50.0	18	
96	PRINOVIS Ltd. & Co. KG, Hamburg	25.1	1	
97	ZertifikateJournal AG, Veitshöchheim	33.3	1	
	Other countries			
98	Editions Mondadori Axel Springer (EMAS) S.E.N.C., Paris/France	50.0	62	
99	INFOR BIZNES Sp. z o.o., Warsaw/Poland	49.0	63	(4)

Additional disclosures:

(1) Control and profit transfer agreement with the parent company.
(2) The company has exercised the exemption options of Section 264 (3) HGB.
(3) The company has exercised the exemption options of Section 264b HGB.
(4) Included for the first time in fiscal year 2009.

(45) Declaration of Conformity with the German Corporate Governance Code

Axel Springer AG published the Declaration of Conformity with the German Corporate Governance Code issued by the Management Board and Supervisory Board in accordance with Section 161 of the German Stock Corporations Act (AktG) on the company's Web site www.axelspringer.de → Investor Relations → Corporate Governance, where it is permanently available to shareholders. The Declaration of Conformity is also printed in the Corporate Governance section of this Annual Report.

(46) Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Berlin, February 23, 2010

Axel Springer AG

(Dr. Mathias Döpfner) (Rudolf Knepper)

(Lothar Lanz) (Dr. Andreas Wiele)

Supervisory Board

The Supervisory Board was composed of the following persons in the 2009 fiscal year:

Name, regular occupation	Seats on other legally mandated Supervisory Boards	Seats on comparable boards in Germany and abroad
Dr. Giuseppe Vita Chairman of the Supervisory Board Axel Springer AG	Deutz AG (Chairman, until July 2009) Dussmann Verwaltungs AG (since April 2009) Medical Park AG (since February 2009)	Allianz S.p.A., Italy (Vice 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 (Chairman of the Board of Directors)
Dr. h. c. Friede Springer Vice Chairwoman of the Supervisory Board Axel Springer AG	Alba Berlin AG	Deutsche Bank AG (Advisory Board)
Dr. Gerhard Cromme Chairman of the Supervisory Board ThyssenKrupp AG	Allianz SE Siemens AG (Chairman) ThyssenKrupp AG (Chairman)	Compagnie de Saint Gobain, France (Board of Directors)
Oliver Heine Attorney at law and partner in the law firm Oliver Heine & Partner		
Klaus Krone Member of the Supervisory Board Axel Springer AG		borawind AG, Switzerland (Chairman of the Board of Directors until July 2009)
Prof. Dr. Wolf Lepenies University Professor		
Michael Lewis Investment Manager		OIC 07178 Limited, Great Britain (Executive) Oceana Investment Corporation Limited, Great Britain (Chief Executive) Oceana Concentrated Opportunities Fund Limited, Great Britain (Non-Executive) Oceana Fund Managers (Jersey) Limited, Great Britain (Non-Executive) Oceana Capital Partners LLP, Great Britain (Executive, since October 2008) Oceana Investment Partners LLP, Great Britain (Executive, since February 2009) United Trust Bank Limited, Great Britain (Non-Executive) UTB Partners Limited, Great Britain (Non-Executive) Cheyne Capital Management Limited, Great Britain (Non-Executive) Foschini Limited, South Africa (Non-Executive) Strandbags Group (Pty) Limited, Australia (Executive) Strandbags Holdings (Pty) Limited, Australia (Executive) ProChon Biotech Limited, Israel (Non-Executive) Peltours Limited, Israel (since September 2009, registration pending)
Dr. Michael Otto Chairman of the Supervisory Board Otto GmbH & Co. KG	Otto GmbH & Co. KG (Chairman)	FORUM Grundstücksgesellschaft mbH (Advisory Board) Robert Bosch Industrie und Treuhand KG (Partner)
Brian M. Powers CEO of investment group Hellman & Friedman LLC		Artisan Partners Limited Partnership, USA (Advisory Board) Getty Images, Inc., USA (Board of Directors)

Management Board

The following persons served on the Management Board in the 2009 fiscal year:

Management Board member	Seats on other legally mandated Supervisory Boards	Seats on comparable boards in Germany and abroad
Dr. Mathias Döpfner Chairman and Chief Executive Officer Head of Subscription Newspapers and International Journalist		dpa Deutsche Presse Agentur GmbH (Supervisory Board) Leipziger Verlags- und Druckereigesellschaft mbH & Co. KG (Advisory Board, until April 2009) B.Z. Ullstein GmbH (Advisory Board) Time Warner Inc., USA (Board of Directors) RHJ International S.A., Belgium (Supervisory Board) Axel Springer Schweiz AG, Switzerland (Board of Directors) auFeminin.com S.A., France (Supervisory Board, until August 2009)
Rudolf Knepper Vice Chairman Head of Printing, Logistics, and HR Master's degree in engineering and in business/engineering		PRINOVIS Ltd., Great Britain (Board of Directors)
Lothar Lanz Chief Operating Officer and Chief Financial Officer (since May 2009) Master's degree in business administration		esmt European School of Management and Technology GmbH (Supervisory Board, since July 2009) Axel Springer International Finance B.V., Netherlands (Supervisory Board, since May 2009) Independent News & Media PLC, Ireland (Board of Directors, since November 2009)
Dr. Andreas Wiele Head of BILD Division and Magazines Lawyer	ZANOX.de AG (Supervisory Board, Chairman, until August 2009)	Jahr Top Special Verlag GmbH & Co. KG (Advisory Board) B.Z. Ullstein GmbH (Advisory Board) dpa Deutsche Presse Agentur GmbH (Supervisory Board, since January 2010) auFeminin.com S.A., France (Supervisory Board) StepStone ASA, Norway (Supervisory Board, since October 2009)
Steffen Naumann Chief Operating Officer and Chief Financial Officer (until April 2009) Master's degree in business administration and master's degree in economics	Odeon Film AG (Chairman of the Supervisory Board, until March 2009)	esmt European School of Management and Technology GmbH (Supervisory Board, until April 2009) Axel Springer International Finance B.V., Netherlands (Supervisory Board, until April 2009)

Glossar

Affiliate Sales partner or agent that receives a commission for advertising sales.

Associated companies Companies in which an investing company holds a minority interest of at least 20 % and has the ability to exert significant influence over the financial and operating policies of the investee company by participating in the corresponding decision processes. In the Axel Springer Group, associated companies are included in the consolidated financial statements by application of the equity method.

Cash and cash equivalents Cash on hand and cash in certain bank accounts of a company, plus other resources such as marketable securities, sight deposits and term deposits, which can be liquidated on a short-term basis.

Classified ads Small ads that generally appear in daily newspapers and are arranged by specific categories, such as jobs, property and cars, for example.

comScore (Media Matrix) Market research firm that measures the be-havior of Internet users, in order to determine the reach, for example.

Consolidation group All the companies included in the consolidated financial statements, by way of full consolida-tion or at equity.

Content portal Website containing editorial content, not just advertising or navigation pages.

Contingent purchase price liabilities Liabilities arising from future purchase price adjustments (earn-out agreements) and from option rights for the purchase of minority shares.

Copy price Retail sales price of a given publication.

Cross-media concept Content-related, creative and formal networking of different media channels and advertising vehicles with the goal of achieving optimal advertising success by means of a multi-channel approach.

Derivatives in cash flow hedges Financial instruments used to hedge the risk of future variations in cash flows, due to changes in interest rates or exchange rates, for example.

Earn-out agreement Agreement under which the payments by the buyer to the seller are deferred to a later point in time; depending on the business performance of the purchased company.

Electronic Program Guide Digital version of a printed magazine guide for TV programs and radio programs, which is integrated into the reception device.

Equity method The equity method is a method of accounting for associated companies in the consolida-ted financial statements under which changes the net value of the company are added to or deducted from the acquisition cost of the investment.

External revenues Revenues resulting from transactions with companies and persons that are not part of the consolidati-on group.

Fair value Amount at which an asset can be exchanged or a liability settled between two knowledgeable, willing parties in an arm's length transaction. Fair value is determined with reference to market prices (such as stock market prices, for example), if available, or if not, on the basis of reference transactions or valuation models.

Financial derivatives Financial instruments, the value of which is derived from the value of an underlying (e.g., security, interest rate, currency, loan). Financial derivatives are used for hedging currency and interest rate risks, for example.

IFRS (International Financial Reporting Standards) Accounting rules issued by the IASB (International Accounting Standards Board).

Interest rate swap Contractually defined swap transaction. In an interest rate swap, the interest payments under a variable interest rate are exchanged for with those under a fixed interest rate, or vice versa. The party paying interest under the fixed interest rate is protected against rising interest rates (loan protection), while the party being paid interest under a fixed interest rate is protected against falling interest rates (investment protection).

IVW (Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern). This German organization tracks the reach of print media and online offerings.

Job printing Acceptance of third-party printing orders with the goal of utilizing idle capacities in order to enhance profitability.

Newsroom An editorial center where all journalistic content is collected, processed and produced for various media channels, e.g. online, TV, print and mobile services.

Portal Website covering a wide range of different subjects that help users to navigate the internet. Special-interest portals such as car or book portals try to cover the complete range of their target group's interests by way of a common entrance platform.

Pro-forma revenues Revenues that comprise revenues from business combinations prior to the date of initial recognition in the consolidated financial statements.

Purchase price allocation Process in which the purchase price of a business combination is allocated to the fair values of all identifiable assets and liabilities.

Reach Percentage of a target group that is reached at least once by an advertising vehicle or combination of advertising vehicles.

Registered shares of restricted transferability Registered shares which can be transferred only with the consent of the respective stock corporation.

Search term marketing Type of marketing geared to specific target groups, using search engines. The customer of such a service defines the search terms which, when entered by the online user, will trigger the placement of the customer's banner or advertising message on the search engine's web page.

Special-purpose entities Companies that are formed for the purpose of fulfilling a specified narrowly defined purpose. A special-purpose entity must be consolidated if the Axel Springer Group controls the special-purpose entity in substance or if, in substance, the majority of the risks and rewards from the special-purpose entity's operations lie with Axel Springer. For this purpose, it is not required that the Axel Springer Group holds an equity interest in the special-purpose entity or vice versa.

Success-based marketing Form of advertising under which an Internet sales partner (publisher) receives a share of the proceeds of every successfully completed transaction (e.g., sale of a product or sign-up for a newsletter), in the form of a commission.

Tabloid-Format Small-size format for newspapers.

Unique visitors Number of persons who have visited a website at least once during a specified period of time. It corresponds to the net reach.

Visits Connected series of usage events (visits). After an interruption of 30 minutes, a new visit is counted. A usage event is defined as a technically successful page load by an Internet browser from a specific online offering.

Financial Calendar

- **March 10, 2010**
  Annual Report, annual financial statements press conference, analyst/investor teleconference, Berlin
- **April 23, 2010**
  Annual shareholders' meeting, Berlin
- **May 11, 2010**
  Quarterly financial report at March 31, 2010
- **August 5, 2010**
  Quarterly financial report at June 30, 2010
- **November 10, 2010**
  Quarterly financial report at September 30, 2010

Impressum

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The Annual Report and up-to-date information about Axel Springer are also available on the Internet at **www.axelspringer.com**

The English translation of the Axel Springer AG annual report is provided for convenience only. The German original is definitive.