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Axel Springer AG

Annual Shareholders' Meeting

23 April 2009

Chief Executive Officer's Report

Check against delivery!

Dear shareholders,
dear shareholder representatives and journalists
dear guests,

I would like to offer you a warm welcome to the 2009 Annual Shareholders' Meeting!

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

(Chart 2)
– Revenues up 5.8 percent to more than 2.7 million euros
– Record EBITDA of 486 million euros
– Record consolidated net profit of 571 million euros
– Record dividend of 4.40 euros
– Magazines post record earnings
– BILD enjoys record result for sixth straight time
– WELT Group generates double-digit earnings and is profitable for the second time
– Seven online assets deliver over 20 percent operating margin
– Number of employees grows 3 percent

If you read these figures in the business report, you may rub your eyes in disbelief. Is it possible that your company generates historic record results during a global financial crisis and a media crisis: at a time when competitors are issuing one profit warning after another, when advertising revenues are plummeting, when once-proud U.S. newspapers are going belly up, when some believe that the death-knell is tolling for the print media? Yes, it is possible. We are celebrating these results together with our employees and you, our shareholders, without being pretentious or even careless.
When you take a closer look at our key performance indicators, you will understand why we can afford to be so proud. Let us begin with the most important facts:

(Chart 3)
Our EBITDA rose from 470 million euros in the 2007 fiscal year to 486 million euros in the 2008 fiscal year. This is quite remarkable for various reasons.
First: Because the figure clearly exceeded our forecast of 434 million euros for the whole year.
Second: Because the fact that our earnings grew during the second half of a year characterized by a serious global economic crisis and an extremely negative market environment is very unusual and probably fairly unique on a global scale in our industry.

(Chart 4)

Third: Because the EBITDA for the previous year includes 13 million euros from the Kirch insolvency and 23 million euros from the ProSiebenSat.1 dividend. When these one-time items are deducted from the previous year's EBITDA, the result equates to an adjusted increase in earnings of 46 million euros or 10.6 percent.

(Chart 5)

The same is true for our consolidated net income, which improved from a net loss of 288 million euros due to write-off charges for the previous year to a surplus of 571 million euros in 2008. This is also a historic record in absolute terms.
Never in the history of our company have we earned so much money.

(Chart 6)

When adjusted for the sale proceeds and dividends from the ProSiebenSat.1 deal and other significant non-operating items, such as the effects of purchase price allocations, amortization of goodwill, revaluations of the H&F options, the income from the Kirch insolvency, and tax effects, the consolidated net profit improved from 234 million euros to 254 million euros. This is an increase of 8.5 percent, and it is also indicative of how strong our business is.

(Chart 7)

And the 5.8 percent revenue growth also reflects a positive and healthy trend. The Group's revenues rose from approximately 2.6 million euros in 2007 to more than 2.7 million euros in 2008, thanks in part to the effects of the company's investments in growth businesses, but also in part to the positive performance of the existing business.

To sum things up, we enjoyed increases and records with regard to all key performance indicators, both adjusted and an unadjusted, with and without acquisitions.

(Chart 8)

This shows that our strategy also works in a difficult economic environment. Our objectives remain market leadership in our German-language core business, internationalization and digitization on the basis of our corporate values of creativity, entrepreneurial spirit and integrity. In 2008 we were once again able to transform these into profitable growth.

(Chart 9)

The success of our strategy also becomes clear when you look at our segments.
Our stable core business, which is characterized by high margins, accounted for approximately 70 percent of our revenues. Our national newspapers and magazines saw revenues decline slightly in 2008 on balance, but they remained highly profitable nonetheless. Our newspapers managed to hold on to their extraordinarily high EBITDA margin of 27.3 percent. The magazine EBITDA margin rose significantly from 12.6 for the previous year to 15.7 percent.

The growth segments Print International and Digital Media accounted for nearly 30 percent of our total revenues. This means that our portfolio is made up of two-thirds highly profitable, stable core business and one-third high-investment new business.

Our investments in digitization are paying off – especially in light of the effects of the recession on the print advertising market. Revenues generated by the Digital Media segment jumped 82 percent to 378 million euros. International print media grew slightly in 2008 despite the economic crisis. Both growth segments contributed to the improvement of EBITDA margins.

(Chart 10)

I remember last year's roadshows quite well, during which investors repeatedly criticized our low debt. This would be an inefficient capital structure or, in today's language, an underleveraged balance sheet. We should finally increase our debt. But common sense told us: less debt is better than more debt. And we stuck with our low debt. Today it's worth its weight in gold. In 2008 the Group saw its net debt (excluding pension obligations) of 743 million euros decline even further to 370 million euros. This corresponds to a gearing of 0.8 x EBITDA, a very low factor for the industry. A credit line of 1.5 billion euros, secured through 2012, gives us added leeway. As a result, we are in the fortunate position of being financially crisis-proof and able to act.

(Chart 11)

The evidence is clear. Axel Springer AG gained significant economic strength during difficult economic times. You as shareholders should be the first to participate in this extraordinary success. The Management and Supervisory Boards propose a dividend of 4.40 euros per share to the Annual Shareholders' Meeting. This equates to a 10 percent increase over the previous year's dividend and an extraordinary high dividend yield. It is the highest dividend Axel Springer has ever paid.

(Chart 12)

And there is another development that is remarkably unusual. With our record result, we have either met or surpassed our capital market forecast for the seventh straight time despite the current slow economy.

This means that for 28 straight quarters we have reported results that met or even exceeded our own ambitious expectations. What's more, not only did we surpass our own objectives, but also the expectations of the analysts. This is currently rare among our listed peers. Most listed media companies that have published their financial statements for the past year did not live up to analysts' expectations. Our EBITDA was eight percent higher than the analyst consensus for 2008 at the end of the year.

(Chart 13)
But despite our reliability and record earnings, Axel Springer has been affected by the current stock market crisis. The world's stock exchanges have been under pressure for months. The fact that slight upward trends are recognizable delights us but does not change the basic situation. In addition, in view of the economic risks and structural challenges facing our industry, the media sector has not been a particular favorite of investors for quite some time. We are aware of this and have to accept it. Within the sector however, investors take a close look to see which stocks have potential and which do not. Axel Springer shares fell considerably in 2008. We cannot be satisfied with this. Nevertheless the Springer share is still considered a top stock within our peer group. Even champions such as Rupert Murdoch's News Corp., or top-yield producers such as Johnston Press and Trinity Mirror or innovation leaders such as Schibsted, have declined more in value over the past twelve months than we have.

(Chart 14)
Significant revenue growth, a reduction of our already low level of debt, record EBITDA, record consolidated net income, record dividend – how is this possible in this economic environment?
One thing is certain – we did not accomplish this with a secret formula but rather through hard work. I see four fundamental success factors that set us apart from our competitors.
First: We practice disciplined cost management.
Second: We are less dependent upon the advertising market.
Third: We are profiting from our strong brands in this crisis.
And finally fourth: We began digitizing our products at the right time and have pursued these activities with resolve.
I would like here to elaborate on these four factors using some facts and examples.

(Chart 15)
In 2008 we continued to focus consequently on costs. And we will not let up despite our excellent results. We quickly adjust cost structures to market conditions. When the economy began to turn sour last year, we took quick action.
This had a direct effect on the EBITDA in the print business. Cost measures contributed 40 million euros here, 25 million euros in the fourth quarter of 2008 alone.

(Chart 16)
The results of continual, disciplined cost management are also impressive when you look at the long-term comparison.
Our newspaper production costs declined by nearly a third between 2000 and 2008. Personnel costs at the printing plants fell almost as much. We cut the number of employees performing administrative tasks by 25 percent. But personal costs are only part of the picture. Group IT costs were cut by more than 50 percent between 2000 and 2008. And all of this was accomplished against the backdrop of modernization and quality improvement efforts.

(Chart 17)
Let us look at the second success factor: our comparatively low dependency on the advertising market. American, English and German newspaper publishers generate between 54 to 80 percent of total revenues through advertising. But our advertising only accounts for around 46 percent of total revenues. Classified advertising in particular is of comparatively less significance. Classified ads account for around 56 percent of our competitors' advertising revenues. These companies are hit especially hard when revenues migrate to the Internet or decline by up to 50 percent as they have in the recent past. Classified ads account for only 18 percent of advertising revenues and eight percent of total revenues at Axel Springer AG. This means that we are affected less by economic trends in the advertising market.

Much more important: the fact that we are less dependent on classified advertising revenues means that we have much more to gain than we have to lose through the digitization of this business model. This is precisely why we put so much into our online classified advertising platforms.

(Chart 18)
Take the classic market for real estate advertising as an example. WELT, WELT am SONNTAG, HAMBURGER ABENDBLATT, BERLINER MORGENPOST and B.Z. have, of course, seen their real estate ad revenues decline in recent years – as is illustrated by the red column.
At the same time we established a good position early on in the online market for real estate classified advertising with immonet.de and generated growth through targeted measures. The result was positive. Immonet is growing dynamically and more than compensated for the decline in print real estate advertising during the past two years.

Real estate advertising revenues rose by seven percent in 2008. We have thus gained more through online business than we lost in the print segment.

(Chart 19)
Third, we are profiting from the position enjoyed by our strong brands in this slow economic environment. The high-reach BILD family is emerging as a winner of the crisis in a time when market budgets are being trimmed. Advertisers want to place their ads where the impact on sales is the greatest.

BILD is and will remain the largest and the only multimedia mass medium in Germany. The fact that BILD has 46 percent more readers than the next largest newspaper in Europe, namely the British “Sun”, speaks for itself. With some twelve million readers BILD reaches more people than the most popular television program – and this day in and day out. It is also remarkable that the reach of BILD has grown steadily over the last 20 years despite declining circulation. And the readership has become younger.

At the same time BILD has established itself as the first multimedia mass medium. BILD.de is the largest German news portal with approximately one billion page impressions by now. Over 420,000 customers have taken advantage of the mobile communication features BILDmobil in just 17 months. Nearly 17.6 million page impressions, one-third of them from third-party mobile telecommunication providers, make BILDmobil the most widely used editorial mobile portal.

(Chart 20)
The results generated by BILD Group in 2008 underscore the earning power of the strong brands of Axel Springer. BILD Group enjoyed record earnings for the sixth straight year. A contributing factor here was the successfully implemented increase in the copy price of BILD. We were thus able to become even more profitable in a market characterized by declining circulation.

(Chart 21)
In our last annual report we were able to report that WELT Group was able to turn a profit for the first time in its history. And in 2008 the group was able to generate even better results. The same group that produced double-digit million euro losses four years ago generated a double-digit million euro profit in 2008 despite the financial crisis. And it did so despite investments in WELT KOMPAKT and its online activities. As you can see by the chart, the group’s turnaround was accomplished through more that just cost reduction. It was able to increase circulation revenues against the trend while conducting extremely successful advertising marketing.

How did this happen? In three steps. At the beginning, more than ten years ago, a publicity campaign was launched. We invested in good journalism in order to make DIE WELT the most modern German premium newspaper. This earned us respect. In a second step we merged both the organizational and editorial processes of WELT and BERLINER MORGENPOST, a move that reduced costs significantly. At the time the sector as a whole poked fun at us for violating a taboo. It was doomed to fail, they said. In the meantime major German publishing houses from Gruner+Jahr to WAZ and Madsack are doing the same or similar. Only seven years later. In a third step we launched WELT KOMPAKT while actively and aggressively interlinking and strengthening the digital sales channels of WELT Group. Today WELT ONLINE and WELT MOBIL have become the driving forces of growth for the entire group.

(Chart 22)
The penetration also shows that WELT Group took advantage of opportunities during the crisis year of 2008. WELT and WELT KOMPAKT, WELT am SONNTAG and WELT ONLINE have become a multimedia brand family.

WELT ONLINE saw page impressions jump by over 120 percent compared to last year, it surpassed Stern.de and rose to number three behind BILD.de and Spiegel Online.

But developments in the print segment are at least as impressive. With over two million contacts WELT and WELT am SONNTAG were able to pull ahead of their direct competitors in the German premium newspaper segment for the first time. Today DIE WELT is the most modern, the most multimedia and the fastest growing premium newspaper group in Germany.

(Chart 23)
Now we come to the fourth success factor: the systematic transformation of our business into digital sales channels.

We sought to take advantage of online opportunities at a very early stage and then proceeded to invest in these opportunities resolutely and without fear of cannibalizing our existing businesses. Our motto has always been that it is better to compete with ourselves than to let others do it for us.
To be successful in this endeavor, the complete integration of print and online processes, from content production to the now centralized cross-media marketing, is vitally important. This philosophy is paying dividends. Seven of our profitable online businesses achieved EBITDA margins of more than 20% in 2008. And the two highest earnings margins are now being generated by online activities. That shows: Online business is thus not simply an abstract future vision. It has already become a lucrative reality.

Digitization as been the focal point of our strategy for several years. A look at 2008 shows how far we have come through our dedicated efforts:
– In January 2008 we acquired the remaining shares of BILD.de from Deutsche Telekom. We expanded the video selection and further developed the online and mobile portals.
– We more closely integrated the print and online activities of HAMBURGER ABENDBLATT. And we did the same in Berlin: the online portal of BERLINER MORGENPOST was greatly expanded. At the

beginning of 2009 we also added new features to the online activities of B.Z. and gave the portal a facelift.

– Axel Springer Digital TV Guide and MY PERSONAL TV DIGITAL developed a new software product, which can be installed on various devices to allow users to set up personalized TV channels.

– goFeminin.de, the German-language website of auFeminin.com, acquired the health portal Onmeda in 2008. Onmeda is one of Germany's leading independent portals for premium health information.

– With transfermarkt.de, the leading football community in the German-language Internet, we strengthened our online presence in the sports segment.

– In Switzerland we acquired the leisure portals usgang.ch and partyguide.ch and merged them along with students.ch into the Amiado Group. All of the portals developed very positively during the past year.

– In Poland we launched the news and opinion portal redakcja.pl and student portal students.pl. All portals developed very well last year.

These are only a few of the activities we carried out in conjunction with our digital offensive last year.
From 2006 to 2008 Axel Springer invested in a total of 58 digital projects.
Allow me to present a few examples of the success of our digitization strategy:

(Chart 24)
Zanox is one of the leading providers of performance-based marketing in the Internet. This means that the customers advertise but pay only when these efforts actually lead to the sale of a product. Zanox is thus the ideal business model for advertising customers during times of crisis. Because Zanox is affordable even when marketing budgets have been drastically reduced. Money changes hands only after a successful sale. It could be called risk-free advertising. If it's effective, you pay. If it's not effective, you don't pay.
Sometimes one gets the impression that Zanox was invented just for economic crises. In any case we do see a certain positive anticyclical effect here. Because Zanox managed to turn in a fantastic performance since the beginning of the year and is looking forward to a further increase in revenues.

With its successful and innovative business model, the company grew faster in 2008 than its main competitors. In the 2008 financial year Zanox enjoyed an increase in revenues of 23 percent and a 48-percent jump in EBITDA. In comparison, Zanox's main competitor, TradeDoubler saw its EBITDA fall by 14 percent.

Following the restructuring of the ownership structure, we plan to place even more emphasis on the growth of Zanox. In future we have the entrepreneurial leadership and hold a 52.5 percent stake in Zanox. Our partner PubliGroupe receives minority and participation rights as compensation.

(Chart 25)

In 2007 we acquired a majority stake in Europe's leading online women's portal auFeminin. Since then we have expanded our stake to over 80 percent. auFeminin is the European online women's portal and market leader in seven countries: France, Germany, Italy, Spain, Belgium, Canada and Switzerland. The portal reaches nearly 23 million unique users.

In 2008 auFeminin enjoyed a 10 percent increase in revenues to some 25 million euros. When we made the decision to acquire the company as the market leader in France, we had our eye primarily on expanding the international activities of the portal. Axel Springer wanted to use its platform to greatly accelerate international growth.

And with auFeminin we succeeded in doing so. With a 74-percent increase in revenues last year the company grew significantly faster internationally that it did in its home market of France. The revenues of SMART AdServer, an important technology product of auFeminin, also profited from our support with a 43-percent increase. The EBIT of auFeminin declined as expected by 27 percent to 9.5 million euros as the result of significant investments. Nonetheless, auFeminin remains highly profitable with an EBIT margin in 2008 of 38.5 percent.

(Chart 26)

Another successful example of our digitization offensive is Idealo. In recent years Idealo has systematically established itself as one of the leading product and price comparison portals in Germany. The company is growing strongly and is profitable as well. In 2008 revenues rose by 36 percent, the EBIT even more by 40 percent.

The business success of the portal is based on the attractiveness of its platform for both buyers and sellers. In 2008 Idealo expanded its scope and added new product categories. The volume of the listed items rose by 59 percent to 7.7 million, the number of sellers grew by 58 percent to more than 26,000. In light of its success in Germany, Idealo is looking to grow internationally with portals in Great Britain, France and Austria. Idealo has also launched price-comparison portals for travel products in Spain, Italy and the Netherlands.

(Chart 27)

The expansion of our presence in the employment market is another example of how it is possible to win market share on traditional print markets by expanding online activities. For several years we have held a stake in StepStone Germany, Germany's number two career portal. In 2008 the number of registered users of StepStone Germany continued to grow. Numerous major customers signed on. In the 2008

“Website of the Year” contest 1.5 million Internet users selected StepStone as Germany’s most popular career website.
At the end of the year we furthermore acquired a 33.3-percent stake in StepStone ASA headquartered in Oslo. This stake gives us access to the rapidly growing European online market for employment ads and talent management software. Last year StepStone grew strongly in both segments. The company saw total revenues rise by 25 percent and the EBITDA by 26 percent.

(Chart 28)
The fact that we can announce record results and can propose a record dividend today, is a result of joint exertions made by all employees. The adaptability of our employees and their identification with business goals are essentially the reason why we are comparatively strong and stable today and well prepared for the current challenges. To help keep their entrepreneurial spirit awake and to strengthen it, we on the Management Board have decided to offer a unique bonus share and share participation program to the employees of Axel Springer AG. All of the shares are made available from the assets of Axel Springer AG. We have wanted to make our employees into shareholders for a long time and thus to allow them to participate directly in the development of the business. With the new Employee Equity Participation Act passed in February, the legislator has created favorable conditions for this. We also want to be a trendsetter in this and to offer our employees the chance of participation at an early stage. And last but not least we would like to thank them once again in this way for the record year 2008 which brought about the best result in the company’s history.

In the bonus share program, we present all employees with four bonus shares. The holding period is one year minimum.

The share participation program allows approximately 1,400 employees, with target agreements, especially managers, to transform either 100 percent or 50 percent of their individual bonus into shares. They will receive an additional allowance from the company on the gross bonus, which amounts to 30 percent for a 100 percent transfer and 15 percent for a 50 percent transfer. For shares that are acquired through this program, there is a holding period of two years minimum.

We expect that in both of these ways we will succeed in further increasing the motivation and the solidarity of the employees with Axel Springer. At the same time we would like to additionally underline the capital market orientation of our business in this way.

(Chart 29)
Very good financial management also contributed to our economic success in the past year. For the last seven years Steffen Naumann and his team have done an outstanding job in managing our financial

affairs. And it is times like these that show how important this is for ensuring the operational ability of a company. I would therefore like to thank Steffen Naumann very much indeed for his work.

On May 1, 2009, Steffen Naumann will hand over his duties to his successor Lothar Lanz, whom we know very well as the former chief financial officer of ProSiebenSat.1 Media AG. I am happy that in Lothar Lanz we were able to find a CFO who is as well acquainted with the media industry as he is with the capital markets. I look forward to our co-operation with great pleasure.

In celebrating the success of Axel Springer we are by no means being complacent or believe that our company will emerge from the financial and structural crises unscathed. In 2009 we must learn to cope with an extremely slow advertising market and the effects of recessionary tendencies. It is impossible to give a more precise forecast, as the situation is without historic example and characterized by strong fluctuations. To extrapolate a specific overview from this for the whole year would be simply irresponsible. We are sure not to achieve record results against this background. For the task now is to steer through the crisis as stably as possible, to invest in the strength of our brands and in digitization and thereby to extend our lead over our competitors. We want to create value in the medium and the long term. And we want to offer newspapers, magazines and websites after the crisis which continue to delight our readers with journalistic excellence.

This is something that we must not lose sight of, because I consider it to be the decisive factor. Our business is based on content and good journalism. This matter of course cannot be stressed often enough. We live from tough researchers, from silver-penned writers, from provocative commentators, and from passionate storytellers. Their craft carries more weight on paper today than many might think in an era when prophecies of pending doom dominate the news. I would venture an anticyclical prophecy: the world is not coming to an end. And neither is the newspaper. Much more important, these tough researchers, silver-penned writers, provocative commentators, and passionate storytellers are still needed. Journalists can also look forward to a splendid future on the Internet – provided they do not commit suicide out of the fear of dying. A good story is a good story is a good story. On paper and on the Web. And we believe that the content is more important than the sales channel. That it is the spirit that determines the nature of matter – and not the other way around.

(Chart 30)
We are therefore convinced that will be able to gain market share as the result of our decisive, content-driven corporate culture, our espousal of quality journalism and because we find ourselves in a favorable financial situation. And we believe that we will emerge from this crisis strategically stronger.
There are three reasons why we are so convinced of all of this:

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

At the same time clear business values and transparent sociopolitical perceptions are helpful. This seems rarely more apparent than in 2009, in which the Federal Republic celebrates its sixtieth birthday and the twentieth anniversary of the fall of the Berlin Wall. It is an appropriate coincidence that we may also this year commemorate the fiftieth anniversary of the laying of the foundation stone of our Berlin publishing house. In the foundation stone certificate dated the 25th of May 1959 Axel Springer solemnly declared his advocacy for the – and I quote – “free word in a free and reunited Germany with Berlin as its capital.”

We are in Berlin. We have our central administration here and our main news and national media. Since 2008 including BILD. And we look happily out of our building built beside what was the Wall at the reunited capital – and look back at our founder Axel Springer, who did all he could in a unique and exemplary manner for German unity in freedom and the free word.

(Chart 31)
Dear shareholders,
In closing, allow me to again summarize the most important points:
Our revenues in 2008 grew by 5.8 percent to more than 2.7 billion euros.
We have achieved a record EBITDA of 486 million euros and a record consolidated net income of 571 million euro.
We plan to pay a record dividend of 4.40 euros per share.
BILD posted the sixth straight record result, and the profitability of WELT Group continued to rise.
Our EBITDA from foreign operations doubled.
Today our digital business is already profitable and already accounts for 14 percent of total Group revenues.
In an anticyclical development, the number of Axel Springer employees increased by 3 percent last year.

In short, 2008 was the most successful year in the company’s history. That is the best prerequisite for seizing opportunities with the current difficult market background. I assume that opportunities for anticyclical investments will arise in the coming months. We will examine these very closely. We are not in a hurry. We are not looking for the big bang or transforming acquisitions but rather for a number of reasonable successful steps. When the Internet bubble burst on capital markets in 2001, Axel Springer was not in a position to take advantage of it. The company was losing money, and no bank wanted to lend us money. Today things are different. We are pursuing a clear strategy, we are financially very healthy, and we have the money needed to capitalize on opportunities in the market.

(Chart 32)

In concrete terms this means we should be generating at least half of our revenues and profit through our digital activities within ten years at the latest. And we want to accomplish this in an aggressive but down-to-earth manner and with a sense of proportion.

Thank you.