

Report

by the Management Board of
Axel Springer Aktiengesellschaft

on the Transformation
of Axel Springer Aktiengesellschaft
into a European Company (SE)

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A. Introduction*

The Management Board and the Supervisory Board of Axel Springer Aktiengesellschaft have resolved to propose at the regular shareholders' meeting of the Company on 24 April 2013 the transformation of Axel Springer Aktiengesellschaft into a European Company (SE) pursuant to Artt. 37, 2 para. 4 of the Council Regulation (EC) No. 2157/2001 of the Council dated 8 October 2001 on the Statute for a European company (SE) (SE Regulation).

The transformation under Artt. 37, 2 para. 4 SE Regulation into an SE does not result in either the dissolution of the Company or the creation of a new legal entity. The transformation does not change the identity of the Company. Only the legal form of the Company is changed. Accordingly, the participation of the shareholders in the Company continues unchanged after the transformation.

In addition to the SE Regulation, the German Act on the Implementation of the Council Regulation (EC) No. 2157/2001 dated 8 October 2001 on the Statute for a European company (SE) (SEAG) and, under certain circumstances additional provisions in German law, apply to the transformation, especially the German Transformation Act (UmwG). The involvement of the employees in Axel Springer SE is governed by the German Act on the Involvement of Employees in a European Company (SEBG) which implements the SE Employee Involvement Directive. In addition, the implementing provisions for the SE Employee Involvement Directive apply in the other EU Member States and the EEA Treaty States in which companies of Axel Springer Group have employees.

Pursuant to Art. 37 para. 4 SE Regulation, the Management Board of the Company has prepared a transformation plan which was notarized on 5 March 2013 (Roll of Deeds No. R188/2013 of the notary Hans-Hermann Rösch with offices in Berlin). The articles of association of Axel Springer SE are attached to the Transformation Plan.

The implementation of the transformation requires that the shareholders' meeting of Axel Springer Aktiengesellschaft consents to the Transformation Plan and approves the articles of association of Axel Springer SE. The Management Board and the Supervisory Board of Axel Springer Aktiengesellschaft have resolved to submit the Transformation Plan and the articles of association of Axel Springer SE to the regular shareholders' meeting of Axel Springer Aktiengesellschaft on 24 April 2013 in order to be adopted.

* The abbreviations and defined terms used in this Transformation Report are explained in the list of abbreviations at the end of this Transformation Report.

The Management Board of Axel Springer Aktiengesellschaft has prepared this report (Transformation Report) in accordance with Art. 37 para. 4 SE Regulation in which the legal and economic aspects of the transformation are explained and supported and in which the effects which the transition to the legal form of an SE has for the shareholders and employees are described.

Unless provided otherwise, the statements in this Transformation Report relate to the date on which it was issued.

B. The Company prior to the transformation

I. Registered office and headquarters

Axel Springer Aktiengesellschaft is a stock corporation under German law with its registered office and headquarters in Berlin, Germany. It is registered in the commercial register at the Local Court (*Amtsgericht*) Berlin-Charlottenburg under number HRB 4998 B. Its business address is at Axel-Springer-Straße 65, 10888 Berlin, Germany.

Branches of the Company exist in Essen and Frankfurt am Main.

II. Purpose of the business and the fiscal year

The subject of the business of Axel Springer Aktiengesellschaft under the articles of association consists of

- a) operation of printed and electronic media;
- b) other activities in the field of information and communication;
- c) operation of printing plants and other production facilities to the extent this serves the purposes of the business described in a) and b); and
- d) trading with goods of all kinds to the extent they belong to the purpose of the company as well as related activities as an intermediary, except for transactions which require a permit by public authorities.

The Company is authorized to engage in all transactions and take all measures which directly or indirectly are necessary or useful in achieving the purpose of the company.

The Company can establish branches and representative offices in Germany and foreign countries, establish, acquire, absorb and participate in other companies of the same or a related nature. The Company is authorized to conclude corporate group agreements or agreements on common interests.

The fiscal year of the Company is the calendar year.

III. Capital and shareholders

1. Share capital

The share capital of Axel Springer Aktiengesellschaft is EUR 98,940,000 and is divided into 98,940,000 registered no-par shares representing a proportionate amount in the share capital of EUR 1.00 per share. There is neither authorized nor conditional capital presently at the Company. There are no different classes of stock.

The shares in the Company as well as subscription rights to shares of the Company can only be transferred with the consent of the Company (so-called restricted registered shares). The consent is issued by the Management Board. The Supervisory Board resolves about issuing the consent. The consent for the transfer can be refused without having to state any reasons.

Restrictions on transfer under contract exist as the result of limiting agreements which the Company has concluded with certain shareholders in order to assure compliance with the restriction set forth in the articles of association even in the case of indirect transfers of shares. In exchange, the Company has normally approved pledging the relevant shares to the financing banks.

Furthermore, there are contractual restrictions on transfer that exist in connection with the stock participation program for the employees of Axel Springer Group implemented in the fiscal years 2011 and 2012.

2. Shareholder structure

Since the Company has issued only registered shares, only those persons are considered by the Company to be shareholders who are registered as such in the stock register (§ 67 para. 2 AktG).

Accordingly, Axel Springer Gesellschaft für Publizistik GmbH & Co holds around 51.5% of the share capital in Axel Springer Aktiengesellschaft. Dr. h.c. Friede Springer (Vice Chairman of the Supervisory Board) holds an indirect participation of 90% in Axel Springer Gesellschaft für Publizistik GmbH & Co. In addition, Dr. Springer holds a direct participation in the Company in the amount of around 5.0%. Dr. Mathias Döpfner (Chairman of the Management Board) has a participation of around 3.3% (direct and indirect) in the Company. In addition, the Company holds treasury shares representing a holding of around 0.2%. The other Axel Springer shares (around 40%) are in free float.

A pool agreement exists between Dr. Döpfner, Dr. Springer and Friede Springer GmbH & Co. KG with regard to the exercise of voting rights under the shares covered by the pool. This means that the voting rights of the shares in the pool are attributed mutually to the participants. Overall, 53.39 % of the voting rights are covered by the pool.

3. Authorization to acquire treasury shares

Under a resolution of the shareholders' meeting on 14 April 2011, the Management Board was authorized, with the consent of the Supervisory Board, to acquire treasury shares in the Company up to 13 April 2016 in an amount up to 10% of the share capital existing at the time of adopting the resolution through the stock exchange or by means of a public offer or public call to issue an offer directed towards all shareholders. Together with the shares held by the Company or which are attributable to the Company pursuant to §§ 71a et seqq. AktG, the shares acquired on the basis of the authorization can at no time exceed 10% of the share capital in the Company.

4. Listing on the stock exchange

The shares of Axel Springer Aktiengesellschaft with the German securities identification number (*Wertpapierkennnummer*, "WKN") 550135 (ISIN: DE0005501357) are admitted to trading on the Frankfurt Securities Exchange in the regulated market with additional duties following admission (Segment Prime Standard) and they are listed on the exchanges in Berlin, Düsseldorf, Hanover, Munich and Stuttgart. These shares in Axel Springer Aktiengesellschaft can be traded on the electronic trading platform XETRA of the Deutsche Börse AG.

The shares in Axel Springer Aktiengesellschaft with the WKN 575423 (ISIN: DE0005754238) are not admitted to trading in the regulated market. They can be traded only over the counter. The shares with this WKN are held by Axel Springer Gesellschaft für Publizistik GmbH & Co.

Axel Springer Aktiengesellschaft has been included in the stock index MDAX since 20 September 2010.

IV. Constitution of the Company

1. Business principles

Axel Springer Aktiengesellschaft recognizes the following principles in its articles of association:

- a) to uphold liberty and law in Germany, a country belonging to the Western family of nations, and to further the unification of the peoples of Europe;
- b) to promote the reconciliation of Jews and Germans and support the vital rights of the people of Israel;
- c) to support the Transatlantic Alliance and maintain solidarity with the United States of America in the common values of free nations;
- d) to reject all forms of political totalitarianism;
- e) to uphold the principles of a free social market economy.

The corporate bodies of Axel Springer Aktiengesellschaft are bound to strictly observe and comply with these principles under the articles of association.

2. Corporate bodies of the Company

The corporate bodies of the Company are the Management Board, the Supervisory Board and the shareholders' meeting. The competence of these corporate bodies is regulated in the German Stock Corporations Act, the articles of association of Axel Springer Aktiengesellschaft as well as in the respective rules of procedure for the Management Board and the Supervisory Board.

The German Stock Corporations Act (AktG) establishes a two-tier system of corporate leadership for the stock corporation. Accordingly, the Management Board has the independent responsibility for managing the Company (§ 76 para. 1 AktG), and the Supervisory Board, which appoints the members of the Management Board, has responsibility of controlling the management (§ 111 para. 1 AktG). The Management Board and the Supervisory Board work independently of each other. A person cannot be a member of both corporate bodies at the same time.

a) Management Board

The Management Board conducts the business of the Company in accordance with the relevant laws, the articles of association and the rules of procedure for the Management Board. The Management Board develops the strategic direction for the business and is responsible for implementing it.

The Management Board informs the Supervisory Board on a regular basis and in a timely manner and comprehensively about all issues relevant to the business involving the strategy, planning, development of the business, risk management including the risk status as well as the internal controlling system and the compliance management system. Material measures by management require the consent of the Supervisory Board according to the rules of procedure for the Management Board issued by the Supervisory Board. This includes above all establishing or giving up branches of business, acquiring or selling material corporate participations as well as adopting the annual business plan and the finance plan for the Company.

The members of the Management Board jointly bear responsibility for management, work in a collegial manner with each other and inform each other on an ongoing basis about important measures and events in their areas of responsibility. Notwithstanding the overall responsibility of all members of the Management Board, each member of the Management Board heads the area of responsibility assigned to him on his own, aside from decisions which must be made by the entire Management Board.

The entire Management Board decides as a general rule by a resolution with the simple majority of the votes cast; in the case of a tie vote – to the extent legally permissible – the vote of the chairman of the Management Board is decisive. The chairman of the Management Board also has a veto right.

The Company is represented towards third parties by two members of the Management Board or by one member of the Management Board acting jointly with a holder of registered signing authority (*Prokurist*). Vice members of the Management Board are the same as regular members of the Management Board with regard to the power to represent the Company. The Supervisory Board is authorized to grant individual representative authority to individual members of the Management Board. The Supervisory Board has not made use of this authorization. Upon obtaining the approval of the Supervisory Board, the Management Board can appoint special representatives for individual parts of the business. The Management Board has not made use of this right.

Pursuant to § 8 para. 1 of the articles of association of Axel Springer Aktiengesellschaft, the Management Board of the Company consists of at least two persons. Currently the following five members belong to the Management Board of Axel Springer Aktiengesellschaft:

Name	Year of birth	Year of first appointment	Position in the Management Board / Responsibilities	Membership in control bodies of commercial enterprises in the fiscal year 2013
Dr. Mathias Döpfner	1963	2000	Chairman of the Management Board and Chief Executive Officer <ul style="list-style-type: none"> • digital media • editors in chief • staff departments (including information and public relations work, senior employee in personnel, corporate group security, public affairs, client relations), • Axel Springer academy 	<ul style="list-style-type: none"> • Advisory board of B.Z. Ullstein GmbH • Board of Directors of RHJ International SA, Belgium • Chairman of the Board of Directors of Axel Springer Schweiz AG, Switzerland • Board of Directors of Time Warner Inc., USA
Jan Bayer	1970	2012	Member of the Management Board, President WELT Group and Technology	<ul style="list-style-type: none"> • Supervisory board of Allesklar.com AG
Ralph Büchi	1957	2012	Member of the Management Board, President International Division	<ul style="list-style-type: none"> • Chairman of the supervisory board of ZANOX.de AG • Chairman of the Board of Directors of Immoweb SA, Belgium • Board of Directors of AR Technology SAS, France • Board of Directors of auFeminin.com S.A., France • Board of Directors of Autoreflex.com SAS, France • Chairman of the supervisory board of SeLoger.com S.A., France • Non-executive director of Automotive Exchange Private Limited, India • Non-executive director of ITAS Media Private Limited, India • Non-executive Director of Today Merchandise Private Limited, India • Chairman of the supervisory board of Grupa Onet.pl S.A., Poland

Name	Year of birth	Year of first appointment	Position in the Management Board / Responsibilities	Membership in control bodies of commercial enterprises in the fiscal year 2013
				<ul style="list-style-type: none"> • Chairman of the board of directors of Amiado Group AG, Switzerland • Chairman of the board of directors of Amiado Online AG, Switzerland • Vice chairman of the board of directors of Axel Springer Schweiz AG, Switzerland • Chairman of the board of directors of CompuTel Telefonservice AG, Switzerland (inactive) • Chairman of the board of directors of Handelszeitung Medien AG, Switzerland (inactive) • Chairman of the board of directors of Ringier Axel Springer Media AG, Switzerland • Chairman of the board of directors of Ringier Axel Springer Management AG, Switzerland • Member of the board of directors of Axel Springer Espana S.A., Spain
Lothar Lanz	1948	2009	<p>Member of the Management Board, Chief Financial Officer and Chief Operating Officer</p> <ul style="list-style-type: none"> • Commercial divisions • Internal audit group • M&A and strategy • Risk & compliance • Law • Purchasing 	<ul style="list-style-type: none"> • Chairman of the supervisory board of Axel Springer Digital Classifieds GmbH • Member of the supervisory board of esmt European School of Management and Technology GmbH • Member of the supervisory board of Axel Springer International Finance B.V., The Netherlands • Member of the board of directors of Ringier Axel Springer Management AG, Switzerland • Member of the board of directors of Ringier Axel

Name	Year of birth	Year of first appointment	Position in the Management Board / Responsibilities	Membership in control bodies of commercial enterprises in the fiscal year 2013
				Springer Media AG, Switzerland <ul style="list-style-type: none"> Member of the supervisory board Dogan TV Holding A.S., Turkey
Dr. Andreas Wiele	1962	2000	Member of the Management Board, President BILD Group and Magazines <ul style="list-style-type: none"> IT, Logistic & Services ASMI 	<ul style="list-style-type: none"> Member of the supervisory board of ZANOX.de AG Member of the supervisory board of dpa Deutsche Presse Agentur GmbH Member of the advisory board of B.Z. Ullstein GmbH Chairman of the supervisory board of StepStone GmbH Member of the board of directors of auFeminin.com S.A., France Board of directors of Prinovis Ltd., Great Britain

The members of the Management Board can be reached by mail at the business address of Axel Springer Aktiengesellschaft, Axel-Springer-Straße 65, 10888 Berlin, Germany.

b) Supervisory Board

The Supervisory Board decides about the appointment and removal of members of the Management Board and advises and monitors the Management Board in the management of the business. Material measures involving management, such as larger acquisitions, divestments and financial measures, are subject to approval by the Supervisory Board. The Supervisory Board discusses the quarterly reports, the development of the business, planning, strategy and material investments in regular intervals. The Supervisory Board determines the annual financial statements of Axel Springer Aktiengesellschaft and approves the consolidated financial statements.

The Supervisory Board holds at least four meetings in each year and meets as needed without the Management Board. The chairman of the Supervisory Board has contact with the Management Board also between the meetings and consults with the Management Board about strategy, planning, business development, the risk situation, risk management and compliance in the business.

The Supervisory Board adopts its resolutions as a general rule by simple majority of the members participating in the adoption of the resolution; in the case of a tie vote, the vote of the chairman is decisive.

Under § 9 para. 1 of the articles of association of Axel Springer Aktiengesellschaft the Supervisory Board of Axel Springer Aktiengesellschaft consists of nine members who are all elected by the shareholders' meeting of the Company as representatives of the shareholders. There are no representatives of the employees in the Supervisory Board of Axel Springer Aktiengesellschaft in accordance with the statutory provisions which are currently applicable to the Company. Axel Springer Aktiengesellschaft is a so called *Tendenzunternehmen* (enterprise devoted to the expression of opinions). This is because the Company, according to its subject of business, serves directly purposes of reporting or expressing opinion within the meaning of Art. 5 para. 1 sentence 2 of the German Constitution (*Grundgesetz*). These purposes give the Company its nature and are also predominant when viewing the quantitative numbers, in particular regarding the use of personal and operational assets. As a company devoted to the expression of opinions, Axel Springer Aktiengesellschaft is not subject to the German laws on board-level co-determination; therefore, co-determination rights exist neither on the basis of the German One Third Participation Act (DrittelbG) nor on the basis of the German Act on Co-determination (MitbestG) nor other statutes regulating board-level co-determination.

The following nine members currently belong to the Supervisory Board of Axel Springer Aktiengesellschaft:

Name	Year of birth	Exercised profession	Memberships in control bodies at commercial enterprises in the fiscal year 2013
Dr. Giuseppe Vita (Chairman)	1935	Chairman of the Supervisory Board of Axel Springer Aktiengesellschaft	<p>Memberships in supervisory boards required to be established under the law: (none)</p> <p>Memberships in comparable domestic and foreign control bodies:</p> <ul style="list-style-type: none"> • Board of directors of RCS Media Group S.p.A., Italy • Chairman of the board of directors of Unicredit S.p.A., Italy

Name	Year of birth	Exercised profession	Memberships in control bodies at commercial enterprises in the fiscal year 2013
Dr. h. c. Friede Springer (Vice-Chairman)	1942	Vice-Chairwoman of the Supervisory Board of Axel Springer Aktiengesellschaft	<p>Memberships in supervisory boards required to be established by law:</p> <ul style="list-style-type: none"> • ALBA plc & Co. KGaA (formally ALBA AG) • ALBA Finance plc & Co. KGaA <p>Memberships in comparable domestic and foreign control bodies:</p> <ul style="list-style-type: none"> • Member of the advisory board of ALBA Group plc & Co. KG
Dr. Gerhard Cromme	1943	Chairman of the Supervisory Board of ThyssenKrupp AG	<p>Memberships in supervisory boards required to be established by law:</p> <ul style="list-style-type: none"> • Siemens AG (Chairman) • ThyssenKrupp AG (Chairman) <p>Memberships in comparable domestic and foreign control bodies:</p> <ul style="list-style-type: none"> • Board of directors of Compagnie de Saint-Gobain, France
Oliver Heine	1962	Attorney and partner in the law firm of Heine & Partner	<p>Memberships in supervisory boards required to be established by law:</p> <p>(none)</p> <p>Memberships in comparable domestic and foreign control bodies:</p> <ul style="list-style-type: none"> • Board of directors of YooApplications AG, Switzerland
Rudolf Knepper	1945	Member of the Supervisory Board of Axel Springer Aktiengesellschaft	<p>Memberships in supervisory boards required to be established by law:</p> <p>(none)</p> <p>Memberships in comparable domestic and foreign control bodies:</p> <p>(none)</p>
Klaus Krone	1941	Member of the Supervisory Board of Axel Springer Aktiengesellschaft	<p>Memberships in supervisory boards required to be established by law:</p> <p>(none)</p> <p>Memberships in comparable domestic and foreign control bodies:</p> <p>(none)</p>

Name	Year of birth	Exercised profession	Memberships in control bodies at commercial enterprises in the fiscal year 2013
Dr. Nicola Leibinger-Kammüller	1959	Chairman of the management of TRUMPF GmbH + Co. KG	<p>Memberships in supervisory boards required to be established by law:</p> <ul style="list-style-type: none"> • Lufthansa AG • Siemens AG • Voith GmbH <p>Memberships in comparable domestic and foreign control bodies: (none)</p>
Prof. Dr. Wolf Lepenies	1941	Professor (emeritus) FU Berlin, permanent fellow (emeritus) of the Wissenschaftskolleg Berlin	<p>Memberships in supervisory boards required to be established by law: (none)</p> <p>Memberships in comparable domestic and foreign control bodies: (none)</p>
Dr. Michael Otto	1943	Chairman of the Supervisory Board of Otto GmbH & Co KG	<p>Memberships in supervisory boards required to be established by law:</p> <ul style="list-style-type: none"> • Otto GmbH & Co KG (Chairman) <p>Memberships in comparable domestic and foreign control bodies:</p> <ul style="list-style-type: none"> • Chairman of the advisory board of Forum Grundstücksgesellschaft mbH • Partner in Robert Bosch Industrietreuhand KG

In the case of companies within the meaning of § 264d of the German Commercial Code (HGB) (capital market oriented companies), which includes Axel Springer Aktiengesellschaft, at least one independent member of the Supervisory Board must have expertise in the field of accounting or auditing in accordance with § 100 para. 5 AktG. The Supervisory Board has determined that, among others, the chairman of the Supervisory Board Dr. Giuseppe Vita fulfills the requirements for expertise and independence.

The Supervisory Board has resolved targets for its composition in accordance with the recommendation in point 5.4.1 of the German Corporate Governance Code (DCGK). These targets are reached in the current composition.

The regular term of office for members of the Supervisory Board of Axel Springer Aktiengesellschaft is five years (§ 9 para. 1 of the articles of association of Axel Springer

Aktiengesellschaft); reelection is permissible. The chairman of the Supervisory Board is elected from among the members of the Supervisory Board; his term of office is consistent with the term of office of the other members of the Supervisory Board. The current members of the Supervisory Board are appointed until the end of the regular shareholders' meeting in the year 2014 except for Mr. Rudolf Knepper whose term of office after being appointed by the court already ends at the end of the regular shareholders' meeting 2013. The election of Mr. Knepper as a member of the Supervisory Board of Axel Springer Aktiengesellschaft until the end of the regular shareholders' meeting 2014 is on the agenda for the shareholders' meeting that takes place on 24 April 2013.

The members of the Supervisory Board can be reached by mail at the business address of Axel Springer Aktiengesellschaft Axel-Springer-Straße 65, 10888 Berlin, Germany.

The Supervisory Board has established four committees in accordance with its rules of procedure – executive committee, personnel committee, audit committee and nominating committee – which support the work by the entire body. The committees prepare resolutions of the Supervisory Board in the matters established in the rules of procedure of the Supervisory Board as well as topics which must be dealt with by the board. Furthermore, the committees adopt resolutions in the place of the entire supervisory board about certain matters set forth in the rules of procedure of the Supervisory Board within the limits of the statutory provisions. The rules of procedure of the Supervisory Board regulate the procedure for meetings and adopting resolutions in the committees and determine their areas of responsibility.

The executive committee prepares the decisions of the entire Supervisory Board in the following matters:

- publishing and journalism matters,
- issues relating to strategy, financial planning, investments and financing the investments,
- organization of the Management Board.

The executive committee decides instead of the entire Supervisory Board in the following matters:

- consent to the sale of registered shares of Axel Springer Aktiengesellschaft and subscriptions rights for such registered shares,
- consent to other certain measures by management.

The personnel committee prepares decisions by the overall Supervisory Board in the following matters:

- appointment and removal of members of the Management Board,
- compensation for members of the Management Board.

The personnel committee decides instead of the entire Supervisory Board in the following matters:

- all matters for the members of the Management Board under their service contracts which do not relate to compensation,
- granting loans within the meaning of §§ 89, 115 AktG,
- approving contracts with members of the Supervisory Board in accordance with § 114 AktG,
- approving certain other measures by management.

The responsibilities of the personnel committee also include representation of the Company in legal transactions with individual members of the Management Board under the rules of procedure for the Supervisory Board.

The audit committee prepares the decisions of the overall Supervisory Board in the following matters:

- determination of the annual financial statements,
- approval of the consolidated financial statements,
- proposal by the Supervisory Board to the shareholders' meeting for the election of the auditor.

The audit committee subjects the annual financial statements, the control report as well as the consolidated financial statements, the management report, the group management report and the proposal about the use of profit to an initial examination and discusses the audit report with the auditor. The audit committee is also responsible for examining the interim financial statements and interim reports and discussing the report of the auditor about the audit review of the interim financial statements. The audit committee is furthermore responsible for examining the risk management system and issues of compliance. The audit committee is responsible in connection with the audit of the financial statements for issuing the audit mandate to the auditor and determining the main aspects of the audit.

The nominating committee prepares the proposal of the Supervisory Board to the shareholders' meeting for the election of members of the Supervisory Board. The nominating committee proposes suitable candidates to the Supervisory Board, taking into account the criteria for diversity and independence determined by the Supervisory Board. The nominating committee develops and examines profiles for qualifications which establish the qualifications the Company expects from the members of its Supervisory Board and adapts these requirements on an ongoing basis to changes in the requirements of the business.

The committees of the Supervisory Board currently have the following members:

Executive committee	Dr. Giuseppe Vita (Chairman) Dr. h.c. Friede Springer (Vice-Chairwoman) Dr. Gerhard Cromme Klaus Krone
Personnel Committee	Dr. Giuseppe Vita (Chairman) Dr. h.c. Friede Springer (Vice-Chairwoman) Dr. Gerhard Cromme
Audit Committee	Dr. Giuseppe Vita (Chairman) Dr. h.c. Friede Springer (Vice-Chairwoman) Klaus Krone Oliver Heine
Nominating Committee	Dr. Giuseppe Vita (Chairman) Dr. h.c. Friede Springer (Vice-Chairwoman) Dr. Michael Otto

c) Shareholders' meeting

The shareholders of the Company make their decisions in the shareholders' meeting of the Company which takes place at least once each year. Those shareholders who are registered in the stock register and have registered for the meeting on time are entitled to participate and vote. Each share grants one vote in the shareholders' meeting. The shareholders' meeting adopts resolutions about all matters for which it is responsible. This includes especially the use of the balance sheet profit, the ratification of actions by the Management Board and the Supervisory Board, elections of the members of the Supervisory Board, election of the auditor as well as amendments to the articles of association and measures which change the capital.

The resolutions of the shareholders' meeting require the simple majority of the cast votes unless the law or the articles of association of the Company provide otherwise. In the case of a tie vote, a motion is considered to have been rejected. In addition, except as follows, a majority of three quarters of the share capital represented when adopting the resolution is required in the situations established by law (e.g. capital increases, amendments to the articles of association and structural measures). An amendment of the principles of the corporate management set forth in § 3 of the articles of association requires a majority of at least five fourth of the share capital represented when adopting the resolution.

Shareholders can make opposing motions to the proposals of the management for resolutions and have the right in certain circumstances to challenge resolutions of the shareholders' meeting and demand special examinations by the courts.

3. German Corporate Governance Code

Axel Springer Aktiengesellschaft, as a German stock corporation listed on the exchange, is subject to the disclosure duties under § 161 AktG with regard to the DCGK. Pursuant to § 161 AktG, members of a management board and supervisory board of a listed stock corporation must state each year that the recommendations of the Governmental Commission for the German Corporate Governance Code announced in the official part of the electronic Federal Gazette (*Bundesanzeiger*) by the Federal Ministry of Justice have been complied with or will be complied with or which recommendations are not and will not be applied and what the reasons for this are (so-called compliance declaration). The compliance declaration must be made permanently available to the public in the internet page of the Company.

The Executive Board and the Supervisory Board of the Company most recently issued a compliance declaration on 6 November 2012. They stated in that declaration that the recommendations of the Governmental Commission for the German Corporate Governance Code announced in the official part of the electronic Federal Gazette by the Federal Ministry of Justice on 15 June 2012 have been complied with expect for four exceptions for which reasons were stated. The exceptions relate to (i) the chairmanship of the audit committee, (ii) the disclosure of relationships of candidates for the Supervisory Board to the Company, its corporate bodies and shareholders with material participations when proposing election to the shareholders' meeting , (iii) individualized disclosure of compensation for members of the Supervisory Board and (iv) the orientation of success based compensation for the Supervisory Board towards a sustained development of the

business. The compliance declaration of 6 November 2012 is available at the internet page of the Company (<http://www.axelspringer.de>).

4. Code of Conduct

In order to assure compliance with statutory provisions, company internal guidelines and a group wide compliance management system have been introduced in the Axel Springer business. This also includes a Code of Conduct which summarizes all fundamental values and rules of the business, including also the guidelines for independent journalism.

5. Employees and co-determination

Axel Springer had worldwide on average 13,651 employees in the fiscal year 2012 (headcount without discontinued activities). The following overview shows the number of employees (according to heads) as of 31 December 2012 in the EU Member States and the EEA Treaty States in which Axel Springer Group is active.

Country	Number of employees
Belgium	137
Denmark	53
Germany	9,384
France	771
Great Britain	608
Italy	42
The Netherlands	85
Norway	3
Austria	28
Poland	86
Sweden	34
Spain	126
Hungary	587
Total	11.944

There are employee representative bodies at workplace level in the companies of Axel Springer Group in accordance with national requirements. In Germany, this is the group works council, the general works council as well as 36 works councils at various locations of the Company.

Axel Springer Aktiengesellschaft, as a *Tendenzunternehmen* which directly and primarily serves purposes of reporting or expressing opinions within the meaning of Art. 5 para. 1 sentence 2 of the German Constitution is not subject to the German laws regulating board-level co-determination. The Supervisory Board of Axel Springer Aktiengesellschaft accordingly currently consists of nine representatives of the shareholders. No

representatives of the employees are in the Supervisory Board of Axel Springer Aktiengesellschaft; co-determination rights exist neither on the basis of the DrittelbG or the MitbestG or other laws regulating board-level co-determination.

V. Business activity and net assets

1. Overview

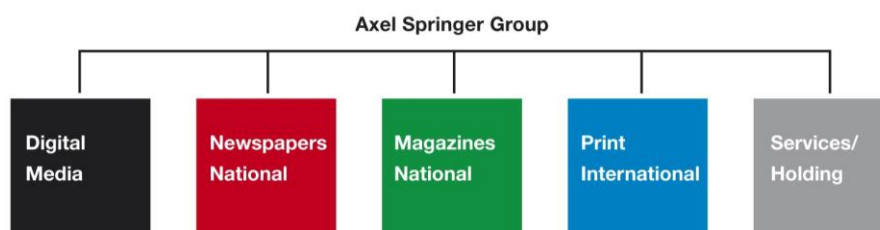
The Axel Springer business was established in 1946 by the publisher with the same name and is a leading multi-media integrated media enterprise in Europe with a large number of printed and digital offerings. The core competency of the business involves quality journalism, marketing and classified portals. The broad media portfolio includes established trademark families such as the BILD and the WELT groups. The print trademarks and content are also transferred to the digital world. The portfolio also includes online classified portals and the field of performance marketing as well as other offers.

The revenues of the Axel Springer business consist primarily of sales revenues and revenues from advertising. The sales revenues result from the sale of newspapers, magazines as well as digital offers of information and entertainment, and the advertising revenues result from marketing the reach of online and print media. The value creation chain has a cross-media focus and covers all material processes in a media company (conception, editing, production, distribution and marketing).

The more than 13,600 employees generated in the fiscal year 2012 total group-wide turnover of EUR 3,310.3 million and earnings (EBITDA) of EUR 628.0 million.

2. Fields of business

Axel Springer organizes the business activity in a total of five segments:



a) Digital Media

The Digital Media segment is organized into three areas of responsibility, journalistic portals and other digital media, performance marketing and Axel Springer digital classifieds. The portfolio of the areas of responsibility includes a large number of portals and digital offers. The following graph shows the main activities:

Portfolio Digital Media

Content Portals and other Digital Media	Performance Marketing	Axel Springer Digital Classifieds
<ul style="list-style-type: none">■ Bild.de■ DIE WELT Online■ aufeminin■ Onet.pl■ Azet.sk■ idealo■ kaufDA■ finanzen.net■ Smarthouse■ Schwartzkopff TV	<ul style="list-style-type: none">■ zanox■ Digital Window■ M4N■ eprofessional	<p>Real estate</p> <ul style="list-style-type: none">■ SeLogger■ immonet■ Immoweb.be <p>Jobs</p> <ul style="list-style-type: none">■ StepStone■ Totaljobs■ allesklar.com

In addition, Axel Springer Group has minority participations in a regional TV station as well as some German radio stations. The Group also holds a minority participation in the largest private television and broadcasting company in Turkey, the Dogan-TV Group.

The Digital Media segment contributed the largest individual share to group sales for the first time in the fiscal year 2012 with sales of EUR 1,174.2 million.

b) National Newspapers

National Newspapers segment includes 14 newspapers and advertising sheets published in Germany. They are divided into newspapers for purchase and newspapers for subscription as well as according to regional and supra-regional distribution. The titles in the BILD and WELT Groups as well as the HAMBURGER ABENDBLATT, the BERLINER MORGENPOST and the B.Z. are among the leading daily newspapers in Germany.

The following graph shows the main titles:

Portfolio Newspapers National

Newsstand Newspapers		Subscription Newspapers	
National	Regional	National	Regional
<ul style="list-style-type: none"> ■ BILD ■ BILD am SONNTAG 	<ul style="list-style-type: none"> ■ B.Z. ■ B.Z. am SONNTAG 	<ul style="list-style-type: none"> ■ DIE WELT ■ WELT KOMPAKT ■ WELT am SONNTAG ■ WELT am SONNTAG KOMPAKT 	<ul style="list-style-type: none"> ■ HAMBURGER ABENDBLATT ■ BERLINER MORGENPOST

In the fiscal year 2012, the National Newspapers segment generated EUR 1,126.1 million turnover and, thus, 34.0% of the total sales. The portion of the sales proceeds in the turnover of the segment was 53.3%, and the portion of advertising revenues was 43.7%.

c) National Magazines

Axel Springer has a portfolio of 23 magazines and is the third largest magazine publisher in Germany with leading market positions in important segments. The main titles are shown in the following graph:

Portfolio Magazines National

TV Program Guides and Women's Magazines	Automotive, Computer, and Sports Magazines	Music Magazines
TV Program Guides <ul style="list-style-type: none"> ■ HÖRZU ■ TV DIGITAL ■ FUNK UHR Women's <ul style="list-style-type: none"> ■ BILD der FRAU ■ FRAU von HEUTE 	Automotive <ul style="list-style-type: none"> ■ AUTO BILD ■ AUTO TEST ■ AUTO BILD KLASSIK Computer <ul style="list-style-type: none"> ■ COMPUTER BILD ■ COMPUTER BILD SPIELE Sports <ul style="list-style-type: none"> ■ SPORT BILD 	Music <ul style="list-style-type: none"> ■ ROLLING STONE ■ MUSIKEXPRESS ■ METAL HAMMER

In 2012, the National Magazines segment contributed EUR 450.1 million to the group sales. The portion of sales revenues in the sales of the segment was 68.1% and the portion of advertising revenues was 26.5%.

d) **Print International**

The foreign print publications of Axel Springer are combined under the segment Print International. This contains both newspapers as well as magazines. The Group is represented outside of Germany by subsidiaries, joint ventures or licensing. Axel Springer Company is the market leader in the segment of boulevard newspapers in Middle and Eastern Europe through the joint venture Ringier Axel Springer Media in currently four Eastern European countries, Poland, the Czech Republic, Slovakia and Serbia. In addition, Axel Springer is active in Hungary and Russia. The activities are concentrated in Western Europe in Switzerland, France and Spain. The following illustration shows the main markets (without licensing):

Markets Print International

Central and Eastern Europe

Western Europe

Ringier Axel Springer Media

- | | |
|------------------|---------------|
| ■ Poland | ■ Switzerland |
| ■ Czech Republic | ■ France |
| ■ Slovakia | ■ Spain |
| ■ Serbia | |

-
- Hungary
 - Russia
-

In 2012, the Print International contributed EUR 440.8 million to the consolidated turnover. The portions of sales revenues in the segment sales was 58.0%, and the portion of advertising revenues was 35.1%.

e) **Services / Holding**

The segment Services/Holding consists of the three own national newspaper printing plants, the logistics field as well as service and holding functions.

3. Group companies and locations

a) Group companies

Axel Springer Group is led by Axel Springer Aktiengesellschaft. As of 31 December 2012, Axel Springer Aktiengesellschaft had 132 fully consolidated subsidiaries including 75 subsidiaries outside of Germany.

b) Locations

Axel Springer Aktiengesellschaft is represented in Berlin and through numerous subsidiaries in other locations in Germany. Branches of the Company exist in Essen and Frankfurt am Main. Another important location for the Company is Hamburg. In addition, there are the sites of the printing plants in Berlin-Spandau, Ahrensburg and Essen-Kettwig.

Axel Springer Aktiengesellschaft is currently active worldwide in a total of 44 countries, acting through subsidiaries, joint ventures and the grant of licenses. The international activities are concentrated in Middle and Eastern Europe through the joint venture Ringier Axel Springer Media AG in Poland, the Czech Republic, Slovakia and Serbia. In addition, Axel Springer Aktiengesellschaft is active with its own subsidiaries, among other locations, in Russia, Hungary, Switzerland, France and Spain.

4. Net assets

Pursuant to Art. 37 para. 6 SE Regulation, one or more independent experts must confirm prior to the resolution of the shareholders meeting of Axel Springer Aktiengesellschaft about the transformation into a European Company that the Company has a net asset value which at least reaches the amount of its capital plus the reserves not capable of being distributed by force of law or under the articles of association.

"Capital" within the meaning of Art. 37 para. 6 SE Regulation is the share capital of the SE being established set forth in the articles of association and the "reserves which cannot be distributed" are understood to be especially the statutory reserves pursuant to § 150 AktG. "Net asset values" for purposes of Art. 37 para. 6 SE Regulation are all physical items and rights with an identifiable value without regard to whether they can be entered in the accounts.

The total of the capital and the reserves of the Company which cannot be distributed (in each case within the meaning of Art. 37 para. 6 SE Regulation) were EUR 207,763,000 as of 31 December 2012 and consist of the following:

Share capital (subscribed capital):	98,940,000
Capital reserve (§ 272 para. 2 nos. 1 to 3):	91,740,000
Statutory reserve under § 150 AktG:	10,200,000
Profit reserve that cannot be distributed:	<u>6,883,000</u>
(amounts in Euro)	<u>207,763,000</u>

The above mentioned numbers are taken from the balance sheet of Axel Springer Aktiengesellschaft as of 31 December 2012 which is part of the certified annual financial statements 2012. These financial statements were prepared in accordance with the provisions of the German Commercial Code and fully certified by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Berlin branch.

The statutory reserve established by the Company pursuant to § 150 para. 1 AktG is subject to restrictions on distribution under § 150 para. 3, para. 4 AktG.

As of 31 December 2012, the profit reserves of the Company in the amount of EUR 6,883,000 were subject to a so-called block on distribution under §§ 268 para. 8 sentence 3, 246 para. 2 sentence 2 HGB. The profit that was blocked for distribution results in the amount of EUR 4,736,000 from the accounting at present values for the cover assets, i.e. the assets which are protected in insolvency and are required to fulfill pension obligations. In the amount of EUR 2,147,000, the profit that is subject to the block on distribution results from a mathematical excess of deferred tax assets after deduction of deferred tax liabilities.

During the period between 31 December 2012 and today's date, neither losses have occurred in a volume nor have there been any value adjustments which would have had the effect that the net assets under commercial law might have decreased below the amount of the total of the capital and the reserves which cannot be distributed within the meaning of Art. 37 para. 6 SE Regulation.

As a result, the Company has a value of the net assets within the meaning of Art. 37 para. 6 SE Regulation which clearly exceeds the total of the capital and the reserves of the Company which cannot be distributed. Details about this are set forth in the certification by the independent expert (see on this point below, Section D.III) which will

be available through the internet at <http://www.axelspringer.de/agm2013> prior to the shareholders' meeting taking place on 24 April 2013.

C. Material legal and economic aspects of the transformation

I. Reasons for the transformation

Axel Springer Aktiengesellschaft is a multimedia integrated media enterprise. The cornerstone of the strategy of the Company involves expanding the market leadership in the German speaking core business, internationalization and digitalization. The highest strategic priority lies in the thorough digitalization of the business. As a result of further developing the digital offer in Germany and foreign countries and by targeted acquisitions, the Company is pursuing the goal of becoming the leading digital media company. The transformation into an SE emphasizes and facilitates the European and international direction of the Company. In addition, there is the possibility of establishing an SE Works Council at the European level.

The legal form of the SE opens up greater leeway for Axel Springer Company to structure the constitution of the corporate bodies compared to a German stock corporation. Even though this structuring leeway will be used only to a minor degree in the context of the transformation and there are no further plans, it should be established in a timely manner in light of the necessary further development of Axel Springer Group.

Furthermore, the SE makes it possible to permanently retain the very efficient and proven structure of the Supervisory Board consisting of nine representatives of the shareholders. This applies without regard to whether the Company also in the future directly and primarily carries out activity involving protected opinions and how many employees it has. The German laws regulating board-level co-determination are not applicable to companies in the legal form of an SE.

II. Alternatives to transformation

In the view of the Management Board of Axel Springer Aktiengesellschaft, there is currently no sensible alternative to an SE in the selection of a supra-national legal form while retaining an efficient corporate governance.

The SE is the only supra-national legal form which makes it possible to continue the listing of the Company. In addition, the SE is generally close in structure and functioning to a German stock corporation so that the transformation into an SE does not result in any material changes for the shareholders and employees of the Company.

As an alternative in order to establish an SE, it would have been conceivable to merge Axel Springer Aktiengesellschaft with a subsidiary located in another Member State in accordance with Artt. 2 para. 1, 17 et seqq. SE Regulation. This variation for establishing an SE, however, would have led to a substantially higher legal expense and, thus, to higher costs without resulting in any significant benefits compared to transformation in accordance with Artt. 37, 2 para. 4 SE Regulation.

III. Reasons for the two-tier structured SE

With regard to the constitution of the company, the German stock corporation requires under law the so-called two-tier system with a management board as the management body and a supervisory board as a monitoring body. The SE Regulation and the SEAG permit also the establishment of a so-called one-tier corporate constitution with only one administrative body (Artt. 43 et seqq. SE Regulation, §§ 20 et seqq. SEAG) in addition to a two-tier constitution (Artt. 39 et seqq. SE Regulation, §§ 15 et seqq. SEAG).

However, the Management Board has concluded that the proven two-tier structure in Axel Springer Aktiengesellschaft with the Management Board and the Supervisory Board as corporate bodies which are independent of each other should be retained. The Management Board proposes retaining the two-tier system also in order to be able to maintain the standards of good corporate governance and transparency established to date in the Company as well as the existing form and instruments for managing the Group. The management of the Group in the existing form also includes the exercise of double mandates by members of the Management Board of the Company in subsidiaries of Axel Springer Aktiengesellschaft. Such double mandates would not be possible in an SE with a one-tier constitution because only a person who is not at the same time a legal representative of an enterprise controlled by the company can be appointed as a member of the administrative council of an SE established with a one-tier structure (§ 27 para. 1 SEAG).

IV. Costs of the transformation

According to the current estimate by the Management Board of Axel Springer Aktiengesellschaft, the external costs for the transformation will be a total of up to EUR 1,200,000.00.

This estimate contains especially the costs for the preparatory measures, the transformation examination by the court appointed independent expert, the notarization of the transformation of the Transformation Plan, registration in the public registers, the renaming to "Axel Springer SE", external advisors, the required publications, the conduct

of the negotiation process for the involvement of employees and the change in the listing on the stock exchange.

In addition there are also internal costs.

The costs for carrying out the regular shareholders' meeting of Axel Springer Aktiengesellschaft in the year 2013 have not been included in the estimate because this shareholders' meeting must be held, anyway, without regard to the transformation.

D. Procedural steps for the transformation

I. Preparation of the Transformation Plan and the articles of association of the SE

The Management Board of Axel Springer Aktiengesellschaft has prepared a transformation plan (including the articles of association of Axel Springer SE) in accordance with Art. 37 para. 4 SE Regulation and this was adopted on 19 February 2013. The content of the Transformation Plan is explained in more detail in Section E, and the content of the articles of association of Axel Springer SE is explained in more detail in Section F of this Transformation Report.

The Management Board also resolved on 19 February 2013 to submit the Transformation Plan (including the articles of association of Axel Springer SE) for approval to the regular shareholders' meeting of Axel Springer Aktiengesellschaft on 24 April 2013.

The Supervisory Board resolved in its meeting on 5 March 2013 to submit the Transformation Plan (including the articles of association of Axel Springer SE) in the version adopted by the Management Board for approval to the regular shareholders' meeting of Axel Springer Aktiengesellschaft on 24 April 2013.

According to the SE Regulation, the transformation plan does not require a specific form. Nonetheless, the notarization of the Transformation Plan prior to the resolution of the shareholders' meeting corresponds to the general common procedure in practice. Merely as a precaution, the Transformation Plan was accordingly notarized on 5 March 2013.

II. Preparation of the Transformation Report

The management board of the company being transformed must prepare a report pursuant to Art. 37 para. 4 SE Regulation in which the legal and economic aspects of the transformation are explained and supported and in which the effects the transition in the legal form of an SE has for the shareholders and the employees of the company are explained. The Management Board of Axel Springer Aktiengesellschaft prepared this Transformation Report for this purpose. This Transformation Report is especially supposed to serve as information and as a decision making basis for the shareholders of the Company with regard to the transformation.

III. Certificate of adequate capital and the examination on founding the company

Pursuant to Art. 37 para. 6 SE Regulation, one or more independent experts must confirm in substance that the company has a value of net assets which reaches at least the amount of its capital plus the reserves which cannot be distributed under the law or the articles of association prior to the resolution of the shareholders' meeting of Axel Springer Aktiengesellschaft about the transformation (see on this point also above, Section B.V.4)

The District Court (*Landgericht*) Berlin appointed in an order of 10 January 2013 Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Friedrichstraße 140, 10117 Berlin, as the independent expert.

The certificate of the independent expert will be available through the internet at <http://www.axelspringer.de/agm2013> prior to the shareholders' meeting which takes place on 24 April 2013.

The members of the Management Board and the Supervisory Board of Axel Springer SE will conduct an internal examination about establishing the Company prior to filing the transformation for registration in the commercial register (Art. 15 para. 1 SE Regulation, § 33 para. 1 AktG). A report on the founding of the Company is not necessary under the legal concept in § 245 para. 4 UmwG.

IV. Disclosure of the Transformation Plan and the Transformation Report

Pursuant to Art. 37 para. 5 SE Regulation, the Transformation Plan must be disclosed at least one month prior to the date of the shareholders' meeting which will resolve about the transformation. The disclosure must be in accordance with § 61 UmwG, which implements Artt. 3, 4 of the Publicity Directive. Accordingly, the Management Board of Axel Springer Aktiengesellschaft must submit the Transformation Plan and the Transformation Report to the commercial register prior to calling the shareholders' meeting which is supposed to resolve about the approval of the Transformation Plan (§ 12 para. 2 HGB). The register court must then publish a notice pursuant to § 10 HGB that the Transformation Plan and the Transformation Report have been submitted. The announcement is made on the internet page <http://www.registerbekanntmachungen.de>. The submission of the Transformation Plan and the Transformation Report to the commercial register is planned for the middle of March 2013.

In addition to the disclosure, the Transformation Plan and the Transformation Report will be forwarded to the appropriate works council at Axel Springer Aktiengesellschaft no

later than one month prior to the shareholders' meeting which is supposed to resolve about the transformation (Art. 15 SE Regulation, § 194 para. 2 UmwG).

V. Consent of the shareholders' meeting

Pursuant to Art. 37 para. 7 SE Regulation, the Transformation Plan requires the consent and the articles of association of Axel Springer SE require the approval of the shareholders' meeting .

The Transformation Plan and the articles of association of Axel Springer SE are supposed to be submitted for a resolution to the regular shareholders' meeting of Axel Springer Aktiengesellschaft on 24 April 2013. The resolution of the shareholders' meeting requires a majority which includes at least three fourth of the share capital represented when adopting the resolution in accordance with Art. 37 para. 7 sentence 2 SE Regulation, § 65 para. 1 sentence 1 UmwG.

Starting with when the regular shareholders' meeting 2013 of Axel Springer Aktiengesellschaft is called, the Transformation plan, the articles of association and the Transformation Report will be available through the internet at <http://www.axelspringer.de/agm2013>.

VI. Negotiation procedure for employee involvement in Axel Springer SE

In order to secure the acquired rights of the employees of Axel Springer Aktiengesellschaft to be involved in the corporate decision making process, a negotiation procedure between the Management Board and representatives of the employees must be carried out in connection with the transformation into an SE. The details of the procedure are explained in Section E.VI of this Transformation Report.

VII. Constituting the Supervisory Board and appointing the Management Board of Axel Springer SE

In the event that the offices of the members of the Supervisory Board of Axel Springer Aktiengesellschaft end when the transformation takes effect, the previous members of the Supervisory Board of Axel Springer Aktiengesellschaft are appointed to be members of the Supervisory Board of Axel Springer SE in the Transformation Plan as a precautionary measure (Art. 40 para. 2 sentence 2, Art. 6 SE Regulation).

The offices of the members of the Management Board of Axel Springer Aktiengesellschaft end when the transformation takes effect. The Supervisory Board of

Axel Springer SE will constitute itself after the shareholders' meeting that takes place on 24 April 2013 and appoint the members of the Management Board of Axel Springer SE (Art. 39 para. 2 sentence 1 SE Regulation). The chairman of the Supervisory Board and the vice-chairman of the Supervisory Board will also be elected in the constitutive meeting of the Supervisory Board of Axel Springer SE.

The members of the Management Board of Axel Springer SE will be notified to the commercial register together with the transformation (Art. 15 para. 1 SE Regulation, § 246 para. 2 UmwG).

The above mentioned elections and appointments take effect together with the transformation.

VIII. Registration in the commercial register

The transformation takes effect upon registration in the commercial register of Axel Springer SE. In addition to the approval by the shareholders' meeting of Axel Springer Aktiengesellschaft, the filing of the transformation for registration in the commercial register requires that an agreement about the involvement rights of the employees in the SE (involvement agreement) has been concluded after conducting the negotiation process or that the deadline for such negotiations has expired without a conclusion or that the special negotiating body has resolved to interrupt or not even to commence the negotiations (Art. 12 para. 2 SE Regulation).

The filing of the transformation for registration in the commercial register must be made by the representative body of the company being transformed, i.e. the Management Board of Axel Springer Aktiengesellschaft in accordance with Art. 15 para. 1 SE Regulation, § 246 para. 1 UmwG. The Management Board must declare in the filing that no complaint against the validity of the resolution on the transformation has been filed or that no such complaint was filed in a timely manner or that any such complaint has been finally dismissed or that it has been withdrawn (so-called negative declaration, Art. 15 para. 1 SE Regulation, §§ 198 para. 3, 16 para. 2 UmwG). If this declaration is not available, the transformation cannot be registered in the commercial register (block on registration).

In the case of any complaint against the validity of the resolution of the shareholders' meeting of Axel Springer Aktiengesellschaft on the transformation, a clearance procedure under Art. 15 para. 1 SE Regulation, §§ 198 para. 3, 16 para. 3 UmwG can be conducted. In these proceedings, the block on registration can be overcome at the request of the

company if (i) the complaint is inadmissible or obviously without merit or (ii) the plaintiff has not provided documentary proof within one week after service of the request that the plaintiff has held a proportionate amount of at least EUR 1,000.00 since the announcement of the call for the meeting, or (iii) the transformation taking effect soon appears to have priority because the material adverse impact described by the applicant for the legal entities involved in the transformation and their shareholders outweighs the adverse impact for the respondents in the free opinion of the court unless there has been a particularly serious violation of the law (§ 16 para. 3 sentence 3 UmwG).

If all prerequisites for registration are satisfied, the transformation must be registered in the commercial register. Upon registration, the SE obtains its legal capacity (Art. 16 para. 1 SE Regulation). The principle of identity of the legal entities applies. Axel Springer Aktiengesellschaft, therefore, does not cease to exist as a company and instead only changes its legal form.

The registration of the transformation will be announced in the internet (<http://www.registerbekanntmachungen.de>) pursuant to § 10 HGB and in accordance with Art. 13 SE Regulation. The registration must also be announced in the Official Journal of the European Union for information purposes in accordance with Art. 14 SE Regulation.

E. Explanation of the Transformation Plan

Pursuant to Art. 37 para. 4 SE Regulation, the Management Board of the Company had to prepare a Transformation Plan which was notarized on 5 March 2013 (Roll of Deeds No. R188/2013 of the notary Hans-Hermann Rösch with offices in Berlin).

Since the SE Regulation does not set any express requirements in terms of substance for the Transformation Plan, the Management Board of Axel Springer Aktiengesellschaft has referred as a guideline for the substance of the Transformation Plan to the requirements for a merger plan under Art. 20 SE Regulation to the extent they do not involve the peculiarities of the merger and, in addition, to the requirements for a resolution on a change of corporate form in accordance with § 194 para. 1 UmwG. The content of the Transformation Plan is explained below.

I. Transformation (§ 1)

Axel Springer Aktiengesellschaft will be transformed into a European Company (SE) pursuant to Artt. 37, 2 para. 4 SE Regulation (§ 1.1 of the Transformation Plan).

Axel Springer Aktiengesellschaft has its registered office and its administrative headquarters in Berlin, Germany. Axel Springer Aktiengesellschaft has had a large number of subsidiaries for more than two years which are subject to the law of other Member States in the EU, including Axel Springer France S.A.S. since 2001 with its registered office in Neuilly-sur-Seine, France, registered in the commercial register Nanterre (*Registre du Commerce et des Sociétés de Nanterre*) under the identification number (*Numéro d'identification*) 440 097 004 R.C.S. Nanterre, which is subject to French law. The prerequisites for a transformation of Axel Springer Aktiengesellschaft into Axel Springer SE are, thus, satisfied in accordance with Art. 2 para. 4 SE Regulation.

The transformation will take effect upon registration in the commercial register of Axel Springer SE (§ 1.2 of the Transformation Plan). A prerequisite for the registration is that either an agreement about the involvement rights of the employees in the SE – including co-determination – has been concluded or that the special negotiating body of the employees has adopted a resolution not to commence or to interrupt the negotiations or that the deadline for negotiations has expired without an agreement being concluded. The negotiations with the special negotiating body can last up to six months under § 20 SEBG and can be extended by agreement in total to up to one year.

§ 1.3 of the Transformation Plan makes it clear that the transformation does not result in either the dissolution of the Company or the establishment of a new legal entity. The resolutions of the shareholders' meeting of Axel Springer Aktiengesellschaft which have not yet been completed continue to exist without any change after the transformation into Axel Springer SE takes effect (§ 1.4 of the Transformation Plan).

This applies, among others, for the authorization limited until 13 April 2016 adopted as Item 7 at the regular shareholders' meeting on 14 April 2011 for the acquisition and use of treasury shares in accordance with § 71 para. 1 no. 8 AktG and the resolution of the shareholders' meeting of 23 April 2010 (Item 8) that statements about the individual disclosure of the compensation for members of the Management Board will not be made in the annual and consolidated financial statements of Axel Springer Aktiengesellschaft for the fiscal years 2010 up to and including 2014 in accordance with § 285 sentence 1 no. 9 lit. a sentences 5 through 8 HGB and §§ 315a para. 1, 314 para. 1 no. 6 lit. a sentences 5 through 8 HGB.

II. Name, registered office and articles of association (§ 2)

§ 2 of the Transformation Plan determines the name, registered office and articles of association of Axel Springer SE.

The Company will accordingly have the name "Axel Springer SE" in the future. The change in the name is required because an SE must contain the element "SE" in its name either at the beginning or at the end (Art. 11 para. 1 SE Regulation).

The registered office of the Company will continue to be unchanged in Berlin in accordance with § 2.2 of the Transformation Plan. The administrative headquarters of the Company will also continue to be located there. This provision takes into account the requirements in Art. 7 sentence 1 SE Regulation.

§ 2.3 of the Transformation Plan provides that Axel Springer SE will be given the articles of association attached as a draft in an annex to the Transformation Plan. The articles of association of Axel Springer SE are explained in detail in Section F of this Transformation Report.

III. Share capital and shares (§ 3)

§ 3 of the Transformation Plan contains provisions on the share capital and the shares of the Company. Accordingly, the share capital of Axel Springer Aktiengesellschaft in the amount existing at the time of registration of the transformation in the commercial

register (currently EUR 98,940,000) will become the share capital of Axel Springer SE. The allocation of the shares will remain unchanged. Accordingly, the share capital of Axel Springer SE is divided into 98,940,000 no-par shares (registered shares).

The shareholders of Axel Springer Aktiengesellschaft will have a participation in the share capital of Axel Springer SE in the same amount and the same number of shares as they had in the share capital of Axel Springer Aktiengesellschaft prior to the transformation taking effect. The mathematical portion for each share in the share capital in an amount of EUR 1.00 will be retained as it exists directly prior to the transformation taking effect.

As a result of the transformation of Axel Springer Aktiengesellschaft into an SE, the content of any stock certificates which may be in circulation will become incorrect. As contemplated in the articles of association of Axel Springer SE and also already in the articles of association of Axel Springer Aktiengesellschaft, the shares in Axel Springer SE are supposed to be certificated exclusively in global documents and can only be held through collective custody.

§ 3.3 of the Transformation Plan determines that shareholders objecting to the transformation will not be offered cash compensation because cash compensation is not contemplated under the law for a situation involving a transformation. This has its substantive justification in the fact that the participations of the shareholders continues to exist without any change after the transformation because the legal entity remains identical.

IV. Management Board (§ 4)

The offices of the members of the Management Board of the AG being converted end upon registration of the transformation in the commercial register. The members of the Management Board of Axel Springer SE must, therefore, be newly appointed. The first Supervisory Board of the SE is responsible for this (see below, the explanation to § 5 of the articles of association of Axel Springer SE). The appointment of the members of the Management Board of Axel Springer SE is supposed to take place subject to the condition precedent of the transformation taking effect.

Notwithstanding the responsibility of the Supervisory Board of Axel Springer SE for making the decision, it must be assumed that the current members of the Management Board of Axel Springer Aktiengesellschaft holding office will be appointed as members of the Management Board of Axel Springer SE. These are:

- Dr. Mathias Döpfner,
- Jan Bayer,
- Ralph Büchi,
- Lothar Lanz and
- Dr. Andreas Wiele.

V. Supervisory Board (§ 5)

§ 5 of the Transformation Plan contains provisions about the Supervisory Board of Axel Springer SE. § 9 para. 1 of the articles of association of Axel Springer SE provides that a Supervisory Board will be established at Axel Springer SE which consists of nine members just as is the case at Axel Springer Aktiengesellschaft.

The Management Board is of the opinion that the offices of the members of the Supervisory Board also continue to exist after the transformation takes effect due to the unchanged composition of the Supervisory Board of the Company and that the current members of the Supervisory Board will remain in office until the end of their regular terms of office (§ 203 UmwG).

Nonetheless, the members of the Supervisory Board of Axel Springer Aktiengesellschaft appointed at the time the transformation takes effect will be appointed again as members of the Supervisory Board of Axel Springer SE as a precautionary measure to cover the possibility that the offices of the members of the Supervisory Board of Axel Springer Aktiengesellschaft might end when the transformation takes effect. Art. 40 para. 2 sentence 2 SE Regulation expressly permits the appointment of the members of the first Supervisory Board in the articles of association of the SE. Pursuant to Art. 6 SE Regulation, the term "*statutes of the SE*" also refers to the instrument of incorporation. The instrument of incorporation of the Company in the case of a transformation is the Transformation Plan in accordance with Artt. 37, 2 para. 4 SE Regulation.

The election will take place indirectly by approval of the Transformation Plan by the shareholders' meeting. The persons proposed for election in the Transformation Plan are:

- Dr. Giuseppe Vita, chairman of the Supervisory Board of Axel Springer Aktiengesellschaft, Sils Maria, Switzerland,
- Dr. h.c. Friede Springer, vice-chairwoman of the Supervisory Board of Axel Springer Aktiengesellschaft, Berlin,

- Dr. Gerhard Cromme, chairman of the Supervisory Board of ThyssenKrupp AG, Düsseldorf,
- Oliver Heine, attorney and partner at the law firm Heine & Partner, Hamburg,
- Rudolf Knepper, member of the Supervisory Board of Axel Springer Aktiengesellschaft, Hamburg,
- Klaus Krone, member of the Supervisory Board of Axel Springer Aktiengesellschaft, Berlin,
- Dr. Nicola Leibinger-Kammüller, chairman of the management of TRUMPF GmbH + Co. KG, Gerlingen,
- Prof. Dr. Wolf Lepenies, professor (retired) FU Berlin; Permanent Fellow (emeritus) of the Wissenschaftskolleg Berlin, Berlin, and
- Dr. Michael Otto, chairman of the supervisory board of Otto GmbH & Co KG, Hamburg.

The appointment is for a limited term until the end of the shareholders' meeting which resolves about the ratification of actions for the first full or partial fiscal year of the SE, i.e. most likely up to the end of the regular shareholders' meeting 2014. This corresponds to the end of the regular term of office of the currently appointed members of the Supervisory Board of Axel Springer Aktiengesellschaft, except for Mr. Rudolf Knepper whose term of office already ends at the end of the regular shareholders' meeting 2013 according to the court appointment. The election of Mr. Knepper as a member of the Supervisory Board of Axel Springer Aktiengesellschaft until the end of the regular shareholders' meeting in 2014 is on the agenda of the shareholders' meeting taking place on 24 April 2013.

§ 16 of the articles of association of Axel Springer SE provides that members of the Supervisory Board receive proportionate compensation according to time only for full months of activity. This is also the case under § 16 of the articles of association of Axel Springer Aktiengesellschaft in the version which is being proposed for adoption to the shareholders' meeting that is also supposed to resolve about the approval of the Transformation Plan. This could result in compensation being reduced if, contrary to the view of the Management Board, there is no continuation of the term of office and the transformation takes effect during the course of a month, i.e. not at the beginning or the end of the month. In this situation, the members of the Supervisory Board would not have a claim for compensation for the month in which the transformation takes effect under either the articles of association of Axel Springer Aktiengesellschaft or under the articles of association of Axel Springer SE. In order to avoid this, the month in which the transformation takes effect is deemed to be a full month of working for Axel Springer SE; therefore, the activity will also be fully compensated in this month.

VI. Consequences of the transformation for the employees and the representative bodies and the measures contemplated in this regard (§ 6)

In accordance with § 194 para. 1 no. 7 UmwG, the Transformation Plan must also contain statements about the consequences of the transformation for the employees and the representative bodies as well as the measures contemplated in this regard.

§ 6.1 of the Transformation Plan accordingly makes it clear that the employment relationships of the employees in the companies of Axel Springer Group are not affected by the transformation. The rights and duties of Axel Springer Aktiengesellschaft under employment agreements or employment relationships existing at the time of registration of the transformation continue to exist without any change. There is no transfer of a business within the meaning of § 613a German Civil Code (*Bürgerliches Gesetzbuch*; BGB) because the legal entity remains identical under the transformation pursuant to Artt. 37, 2 para. 4 SE Regulation and there is no transfer of assets.

Employee representative bodies at workplace level and committees continue to exist after the transformation takes effect. The transformation of Axel Springer Aktiengesellschaft into an SE does not result in any changes for members of employee representative bodies at workplace level in Axel Springer Group. Collective bargaining agreements such as union tariff contracts and shop agreements also continue to apply. The membership of the Company or other companies in Axel Springer Group in employer associations is not affected by the transformation.

Axel Springer SE is not subject to German law regulating board-level co-determination as a result of its legal form. The SEBG, however, prevents that the rights to participate in corporate matters that have been acquired are reduced as a result of the transformation.

1. Negotiation about involvement of the employees in Axel Springer SE

In order to secure the rights of the employees of Axel Springer Aktiengesellschaft to participate in the corporate decision making process, a negotiation procedure must be carried out between the Management Board and representatives of the employees in connection with the transformation of the Company into an SE. The goal of the procedure is the conclusion of a written agreement about the rights of the employees to participate in Axel Springer SE. The details of the negotiation procedure are governed by the SEBG. If an SE is established by transformation, § 21 para. 6 SEBG provides that the involvement agreement must at least assure the same level of employee involvement in all aspects which existed at the company being transformed.

§ 6.3 of the Transformation Plan describes the background and purpose of the provisions as well as the course of the procedure under the SEBG in the main aspects with regard to the negotiation about the involvement of employees in Axel Springer SE.

a) Initiation of the negotiation procedure

The initiation of the procedure for involvement of the employees takes place in accordance with the provisions of the SEBG. This law provides that the management of the involved company, i.e. the Management Board of Axel Springer Aktiengesellschaft, must inform the employees or the respective employee representative bodies in the relevant EU Member States and the EEA Treaty States about the contemplated transformation and must call upon them to establish a so-called "special negotiating body" which consists of representatives of the employees in Axel Springer Group from all affected EU Member States and EEA Treaty States. The procedure must be automatically initiated without undue delay, but at the latest after the Management Board of Axel Springer Aktiengesellschaft has disclosed the prepared Transformation Plan. The information for the employees or their representative bodies extends especially to (i) the identity and structure of Axel Springer Aktiengesellschaft, the affected subsidiaries and the affected workplaces and how they are distributed among the Member States, (ii) the employee representative bodies existing in these companies and workplaces, (iii) the number of the respective employees in these companies and workplaces and the resulting mathematical total number of employees in each Member State, and (iv) the number of employees who have co-determination rights in the corporate bodies of these companies.

The Management Board of Axel Springer Aktiengesellschaft informed all affected employee representative bodies in writing about the contemplated transformation in accordance with § 4 para. 2, para. 3 SEBG in the week of 19 February 2013 and called upon them to establish the special negotiating body. Thus, the negotiation procedure has been initiated. The employees of the subsidiaries and workplaces in which there are no employee representative bodies were also informed at the same time.

b) Establishing the special negotiating body

The law provides that the employees or the respective employee representative bodies elect or appoint the members of the special negotiating body within ten weeks after initiation of the procedure. The special negotiating body is then supposed to meet for a constitutive meeting.

The creation and composition of the special negotiating body is governed in general by German law (§§ 4 to 7 SEBG). The distribution of the seats in the special negotiating

body to the EU Member States and the EEA Treaty States in which Axel Springer Group has employees is regulated in § 5 para. 1 SEBG for the establishment of an SE with its registered office in Germany. The allocation of seats is governed by the following rules:

Each EU Member State or EEA Treaty State in which Axel Springer Group has employees receives at least one seat. The number of the seats allocated to an EU Member State or an EEA Treaty State is increased in each case by one seat to the extent that the number of the employees in this EU Member State or EEA Treaty State exceed in each case the threshold of 10%, 20%, 30% etc. of all employees of Axel Springer Group in the EU and the EEA. In order to determine the allocation of seats, generally reference must be made to the point in time of the information to the employees or the respective employee representative bodies (§ 4 para. 4 SEBG). Based on the number of employees of Axel Springer Group in the individual EU Member States and EEA Treaty States, the following allocation of seats will most likely result for the special negotiating body:

Country	Number of employees	Portion (rounded)	Delegated to the special negotiating body
Belgium	137	1.15%	1
Denmark	53	0.44%	1
Germany	9,384	78.57%	8
France	771	6.46%	1
Great Britain	608	5.09%	1
Italy	42	0.35%	1
The Netherlands	85	0.71%	1
Norway	3	0.03%	1
Austria	28	0.23%	1
Poland	86	0.72%	1
Sweden	34	0.28%	1
Spain	126	1.06%	1
Hungary	587	4.91%	1
Total:	11,944	100.00%	20

The respective national provisions apply for the election or appointment of the members of the special negotiating body from the individual EU Member States and the EEA Treaty States. Therefore, there can be different procedures, for example, an original election, the appointment by unions or, as is provided in German law, election by an elective body in a secret and direct election (§ 8 para. 1 SEBG). The elective body for the election of the German members of the special negotiating body in the transformation of Axel Springer Aktiengesellschaft into an SE consists of the members of the group works council (§ 8 para. 2 SEBG).

Employees of the German companies and workplaces of Axel Springer Group as well as representatives of unions can be elected to the special negotiating body, whereby women and men are supposed to be elected in accordance with their numerical relative proportions. A substitute member must be elected for each member. If more than two members from Germany belong to the special negotiating body, each third member must be a representative from the union in accordance with § 6 para. 3 SEBG. If more than six members from Germany belong to the special negotiating body, at least each seventh member must be a senior employee in accordance with § 6 para. 4 SEBG. This means for Axel Springer Group that the eight representatives from Germany in the special negotiating body must include two union representatives and one senior employee.

The election or appointment of the members as well as the establishment of the special negotiating body is generally the responsibility of the employees and their relevant employee representative bodies or the unions responsible for them. All necessary costs incurred in establishing the special negotiating body and its activity are borne by the Company.

c) Begin and duration of the negotiations

At the earliest after all members have been designated, but at the latest ten weeks after information was provided pursuant to § 4 para. 2 and 3 SEBG (§§ 12 para. 1, 11 para. 1 SEBG), the Management Board of Axel Springer Aktiengesellschaft must call for the constitutive meeting of the special negotiating body without undue delay. The procedure for establishing the special negotiating body ends when it is constituted and the negotiations begin for which the law provides for a duration of up to six months. This duration can be extended up to one year by mutual resolution of the parties to the negotiation.

The negotiation process also takes place if the deadline for the election or the appointment of individual or all members of the special negotiating body is exceeded due to reasons for which the employees are responsible (§ 11 para. 2 sentence 1 SEBG).

During the ongoing negotiations, elected or appointed members cannot be finally excluded; they can participate at any time in the conduct of negotiations (§ 11 para. 2 sentence 2 SEBG). A new member joining during the ongoing negotiations, however, must accept the status of negotiations that exists at that time. There is no claim for extension of the six months negotiation deadline (§ 20 SEBG).

d) Potential results of the negotiations

§ 6.3.3 of the Transformation Plan describes the potential results of the negotiation procedure:

- Conclusion of an agreement about the rights of the employees to participate in the SE, on this point below (1),
- No agreement in the negotiation procedure, on this point below (2),
- Resolution of the special negotiating body not to commence negotiations or to break off negotiations that have already commenced (see, § 16 para. 1 SEBG), on this point below (3).

- (1) If an involvement agreement is concluded, the rights of the employees to participate in Axel Springer SE are governed by the content of this agreement. The involvement agreement can also contain the contractual agreement for the applicability of the statutory fallback provisions (§§ 23 to 33 SEBG and §§ 34 to 38 SEBG). The conclusion of an involvement agreement requires a resolution of the special negotiating body. The resolution is adopted by the majority of the members which must also represent the majority of the represented employees. A resolution which reduces the rights for co-determination cannot be adopted (§ 15 para. 5 SEBG).
- (2) If no agreement is reached in the negotiation procedure, the provisions of the SEBG about the SE works council apply by force of law (§§ 23 to 33 SEBG). An SE works council must then be established at Axel Springer SE in order to secure the right to information and the right of the employees to be heard in accordance with § 22 para. 1 no. 2 SEBG, and this SE works council can exercise the right to information and the right to be heard and consists of employees of the SE, its subsidiaries and workplaces (see also § 6.3.3 lit. b) and § 6.3.4 of the Transformation Plan).

The date of the transformation is decisive for the determination of the co-determination regime applicable to the SE. The provisions of the SEBG about co-determination by force of law (§§ 34 to 38 SEBG) do not apply due to § 39 para. 1 no. 2 SEBG because the Company is devoted to the expression of opinions within the meaning of § 39 SEBG, i.e. it serves directly and primarily purposes of reporting or expressing opinions within the meaning of Art. 5 para. 1 sentence 2 of the German Constitution. Since the German laws regulating board-level co-determination also do not apply to an SE, the Company is not subject at the corporate level to any co-determination by the employees under the law after the transformation. The Supervisory Board of Axel Springer SE will accordingly consist only of representatives of the shareholders.

If § 39 SEBG did not apply, the so-called "before-and-after" principle (§ 35 para. 1 SEBG) would apply, according to which the board-level co-determination which existed in the transformed stock corporation prior to the transformation continues to exist at the SE. Since Axel Springer Aktiengesellschaft does not have board-level co-determination, there is no board-level co-determination in Axel Springer SE even if the "before-and-after" principle would apply .

- (3) The special negotiating body can also resolve not to commence negotiations or to break off negotiations that have already been commenced (§ 16 para. 1 SEBG). Such a resolution, which requires a majority of two thirds of the members which represent at least two thirds of the employees and at least two Member States ends the negotiation procedure without the negotiations being deemed to have failed. In this event, no SE works council needs to be established at Axel Springer SE. The Supervisory Board of Axel Springer SE will continue to consist only of representatives of the shareholders.

2. Responsibilities and position of the SE works council

If an SE works council is established at Axel Springer SE on the basis of an agreement, the rights of the works council are governed by the content of the agreement, whereby the requirements of § 21 para. 1 SEBG must be observed. If an SE works council is established at Axel Springer SE by force of law, §§ 22-30 SEBG in conjunction with § 39 para. 2 SEBG apply. In this situation, the management of the SE must check every two years during the existence of the SE whether changes in the SE, its subsidiaries and workplaces require a change in the composition of the SE works council. According to the statutory back-up provisions, the SE works council must also resolve four years after it has been established by a majority of its members whether new negotiations about the rights of the employees to participate in the SE should be commenced or whether the existing provision should continue to apply. If a resolution is adopted to negotiate about an agreement on the rights of the employees to participate in the SE, the SE works council takes the place of the special negotiating body in these negotiations.

The SE works council is responsible for matters which affect the SE itself, one of its subsidiaries or one of its workplaces in another Member State or which go beyond the authority of the relevant representative bodies at the level of the individual Member State. In enterprises devoted to the expression of opinions (*Tendenzunternehmen*), the rights of the SE works council to information, however, are limited in accordance with § 39 para. 2 SEBG.

The composition of the SE works council and the election of its members is governed primarily by the involvement agreement. If no such agreement has been concluded, the provisions about the composition and appointment of members of the special negotiating body are referred to. The existing works councils of the companies in Axel Springer Group are not replaced by the SE works council; they remain unaffected and continue to exist besides the SE works council (§ 47 para. 1 SEBG).

3. Other measures

No other measures are contemplated or planned on the occasion of the transformation which would have an effect on the situation of the employees.

VII. Special rights and benefits (§ 7)

Pursuant to § 7.1 of the Transformation Plan, rights of members of the Management Board and participating managers in the Company under so-called virtual stock option plans of Axel Springer Aktiengesellschaft continue to exist without any change after the transformation. In addition, individual shareholders and the holders of special rights in Axel Springer SE are not granted any rights in the course of the transformation. Measures with regard to these persons are not contemplated in the course of the transformation.

§ 7.2 of the Transformation Plan makes it clear that neither independent experts who have prepared the certificate under Art. 37 para. 6 SE Regulation that the Company has net assets in the amount of at least its capital plus the reserves to be established under the law or the articles nor members of the Supervisory Board or the Management Board have been granted special benefits in the course of the transformation. § 7.2 of the Transformation Plan also contains the note that there is an assumption about the appointment of the members of the Management Board of Axel Springer Aktiengesellschaft to be members of the Management Board of Axel Springer SE and that the members of the Supervisory Board of Axel Springer Aktiengesellschaft are being appointed in a precautionary manner as members of the Supervisory Board of Axel Springer SE. Furthermore, we point out that Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Berlin branch, appointed as the independent expert for purposes of Art. 37 para. 6 SE Regulation, is also appointed as the auditor and the group auditor as well as the auditor for the audit review of the semi-annual financial report for the first fiscal year of Axel Springer SE (see on this point the following explanations about § 8 of the Transformation Plan).

VIII. Auditor (§ 8)

In the view of the Management Board of Axel Springer Aktiengesellschaft, the auditor of the financial statements and the consolidated financial statements for the fiscal year 2013 and the auditor for the audit review of the semi-annual financial report for the fiscal year 2013 still to be appointed by the shareholders' meeting on 24 April 2013 will keep their offices also for Axel Springer SE. In the event that these offices end when the transformation takes effect, as a precautionary matter Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Berlin branch, is appointed as the auditor of the financial statements and the consolidated financial statements as well as the auditor for the audit review of the semi-annual financial report for the first fiscal year of Axel Springer SE in § 8 of the Transformation Plan. The first fiscal year of Axel Springer SE is the fiscal year in which the transformation takes effect.

IX. Costs (§ 9)

§ 9 of the Transformation Plan makes it clear that the Company bears the costs incurred for the Transformation Plan, its notarization and its implementation (including costs for filing with and registration in the commercial register, the costs for the transformation examination as well as the corresponding costs for advisors) in an amount of up to EUR 1,200,000.00.

F. Explanation of the articles of association of Axel Springer SE

I. Introduction

When the transformation takes effect, Axel Springer Aktiengesellschaft will change its legal form to that of an SE. The previously applicable articles of association of Axel Springer Aktiengesellschaft will be replaced at that time by the articles of association of Axel Springer SE. The articles of association for Axel Springer SE attached as an annex to the Transformation Plan require the approval by the shareholders' meeting of Axel Springer Aktiengesellschaft in accordance with Art. 37 para. 7 sentence 1 SE Regulation.

Pursuant to Art. 12 para. 4 SE Regulation, the articles of association of Axel Springer SE can at no time contradict any agreement about the involvement of the employees in the SE. In the event of such a contradiction, the articles of association must be adjusted by a resolution of the shareholders' meeting of Axel Springer Aktiengesellschaft before the transformation is registered in the commercial register.

The articles of association of Axel Springer SE are based to a great extent on the previous articles of association of Axel Springer Aktiengesellschaft. Since the statutory provisions relevant for the articles of association of Axel Springer SE have only minor differences in specific points compared to the provisions applicable to the articles of association of Axel Springer Aktiengesellschaft, the provisions in the articles of association of Axel Springer Aktiengesellschaft were generally incorporated into the articles of association of Axel Springer SE. The two-tier system consisting of the Management Board and the Supervisory Board that has proven itself in Axel Springer Aktiengesellschaft will be retained, especially in order to maintain the previously existing standards of good corporate governance and transparency and to be able to continue the existing form of group management. In the course of the new drafting, the articles of association were also updated in some points and edited in addition to the changes involving the legal form resulting from the transformation.

The individual provisions in the future articles of association of Axel Springer SE are explained below. The differences to the existing articles of association of Axel Springer Aktiengesellschaft are noted.

II. General provisions (§ 1 to § 4)

The introductory general provisions concerning the company name and registered office (§ 1), the purpose of the business (§ 2), the principles on management of the business

(§ 3) and the announcements (§ 4) have been only slightly modified compared to the articles of association of Axel Springer Aktiengesellschaft.

The name of the Company in the future will be "Axel Springer SE" because the addendum for the legal form "SE" is mandatory pursuant to Art. 11 para. 1 SE Regulation. The registered office of Axel Springer SE under the articles of association will remain in Berlin without any change.

Independent of the transformation, the corporate purpose of Axel Springer SE was supplemented by insertion of a new paragraph stating that the Company can exercise its activity also through affiliated enterprises which are combined under unified management and that the activity can also be limited to management of its participations. This enables the Company to also exercise its business activity only as a purely holding company with management control.

Furthermore, § 2 of the articles of association of Axel Springer SE provides that the Company can also limit itself to a part of its area of work under the articles of association. The Management Board is of the opinion that this version of the articles of association can enable easier procedure to be applied in the case of any future divestments by the Company.

After eliminating the printed version, the electronic version of the Federal Gazette has been redesignated as the "Federal Gazette" (*Bundesanzeiger*). § 4 of the articles of association of Axel Springer SE takes this circumstance into account.

III. Share capital (§ 5)

§ 5 of the articles of association of Axel Springer SE has basically only had editorial changes compared to § 5 of the articles of association of Axel Springer Aktiengesellschaft.

Axel Springer SE will continue with the share capital existing at Axel Springer Aktiengesellschaft. The share capital of the Company is accordingly EUR 98,940,000. As has been the case to date, it is divided into 98,940,000 registered shares. § 5 para. 1 of the articles of association of Axel Springer SE also makes it clear that the share capital of Axel Springer SE is raised by way of transformation of Axel Springer Aktiengesellschaft into a European Company.

As is the case with Axel Springer Aktiengesellschaft, the shares as well as subscription rights to shares can only be transferred with the consent of the Company. The consent is issued by the Managing Board. The Supervisory Board resolves about the issuance of the consent. The consent to transfer can be refused without stating any reasons.

IV. Stock certificates (§ 6)

§ 6 of the articles of association of Axel Springer SE has not been changed compared to § 6 of the articles of association of Axel Springer Aktiengesellschaft. The claim of a shareholder for certification of his share is excluded just as in the past. As provided in the articles of association of Axel Springer SE and also already in the articles of association of Axel Springer Aktiengesellschaft, the shares in Axel Springer SE are exclusively supposed to be certificated in global documents and can only be held in collective custody (c.f., § 10 para. 5 AktG).

The form and content of bonds and interest coupons is determined by the Management Board with the approval of the Supervisory Board.

V. Honorary chairman of the Company (§ 7)

§ 7 of the articles of association of Axel Springer SE has not been changed when compared to § 7 of the articles of association of Axel Springer Aktiengesellschaft.

As is the case with Axel Springer Aktiengesellschaft, the articles of association of Axel Springer SE provide that the Management Board and the Supervisory Board can designate a well-known person who has provided special service in the interest of the Company as its honorary chairman.

VI. Management Board (§ 8)

§ 8 of the articles of association of Axel Springer SE has only been restated in specific points when compared to § 8 of the articles of association of Axel Springer Aktiengesellschaft.

As is currently the case, the Management Board of the Company consists of at least two persons under the articles of association. As is currently the case, the Supervisory Board determines the number of members of the Management Board and any vice-members of the Management Board and can also appoint a chairman of the Management Board and a vice-chairman. As is the case in Axel Springer Aktiengesellschaft, the Supervisory Board

of Axel Springer SE issues rules of procedure for the Management Board and determines the distribution of responsibilities within the Management Board.

The maximum term of office for members of the Management Board was not regulated previously in the articles of association of Axel Springer Aktiengesellschaft. Pursuant to § 8 para. 2 sentence 1 of the articles of association of Axel Springer SE, the members in the Management Board of Axel Springer SE are appointed by the Supervisory Board for a maximum period of five years. The maximum term of office for the members of the Management Board in an SE is six years pursuant to Art. 46 para. 1 SE Regulation. This maximum duration is reduced under the articles of association to five years and corresponds to the previously existing maximum period under § 84 para. 1 sentence 1 AktG. The Management Board is of the opinion that the articles of association of the SE can limit themselves to determining a maximum period and that the specific duration of the appointment within the maximum period can be left to the Supervisory Board in the specific situation. § 8 para. 2 sentence 2 of the articles of association of Axel Springer SE makes it clear that a renewed appointment of a member of the Management Board is permissible after the expiration of a term of office.

§ 8 para. 5 sentence 1 of the articles of association of Axel Springer SE provides that the resolutions of the Management Board are adopted by a simple majority of votes unless the law requires otherwise. In the case of resolutions adopted with a simple majority, the vote of the chairman is determinative in the case of a tie vote. Such a right of the chairman of the Management Board to cast the decisive vote in Axel Springer Aktiengesellschaft is set forth in § 6 para. 4 sentence 3 of the applicable rules of procedure for the Management Board of Axel Springer Aktiengesellschaft dated 22 October 2007. The right to cast the decisive vote is the normal statutory situation in an SE (Art. 50 para. 2 sentence 1 SE Regulation).

The previous provision in § 8 para. 5 of the articles of association of Axel Springer Aktiengesellschaft, under which the Management Board can appoint and remove special representatives for individual fields of business with the approval of the Supervisory Board has not been incorporated in the articles of association of Axel Springer SE due to the lack of application in practice.

Aside from this, § 8 of the articles of association of Axel Springer SE contains no substantive changes when compared to § 8 of the articles of association of Axel Springer Aktiengesellschaft.

VII. Supervisory Board (§ 9 to § 16)

§ 9 of the articles of association of Axel Springer SE regulates the composition of the Supervisory Board of Axel Springer SE and the appointment of its members. The provision was primarily revised for editorial purposes on the occasion of the transformation.

Accordingly, the Supervisory Board continues to consist of nine members who are elected as is currently the case for the period of time up to the end of the shareholders' meeting which resolves about the ratification of actions for the fourth fiscal year after the beginning of the term of office, whereby it is made clear that the term of office ends in any event six years after it begins. This regulation corresponds to the requirements in Art. 46 para. 1 SE Regulation, according to which the term of office set in the articles of association for members of the Supervisory Board of an SE can be no more than six years. § 9 para. 1 sentence 4 of the articles of association of Axel Springer SE only clarifies this maximum period. § 9 para. 1 sentence 5 of the articles of association of Axel Springer SE also makes it clear that the reelection of a member of the Supervisory Board is permissible after the expiration of a term of office period.

The procedure for electing members of the Supervisory Board is set by the chair of the shareholders' meeting, whereby election of a list or a general election is also possible.

§ 9 para. 3 of the articles of association of Axel Springer SE provides that any substitute members take the place of members of the Supervisory Board for the shareholders leaving early in the sequence in which the substitute members have been elected unless provided otherwise in the election.

§ 10 of the articles of association of Axel Springer SE ("The Chairman of the Supervisory Board") is unchanged compared to § 10 of the articles of association of Axel Springer Aktiengesellschaft.

A clarifying reference to Art. 9 para. 1 lit. c) ii) SE Regulation was added in § 11 para. 1 sentence 8 of the articles of association of Axel Springer SE because the provisions in the German Stock Corporations Act only apply if the SE Regulation does not regulate or does not completely regulate a set of facts. With regard to the modalities of calling a meeting of the Supervisory Board, there are no higher ranking provisions in the SE Regulation which are contrary to the application of § 110 para. 2 AktG.

§§ 12 ("Resolutions of the Supervisory Board"), 13 ("Wording of the Articles of Association"), 14 ("Committees"), and 15 ("Catalogue of matters requiring consent") in the articles of association of Axel Springer SE have not been changed when compared to §§ 12 to 15 in the articles of association of Axel Springer Aktiengesellschaft.

According to § 16 para. 1 of the articles of association of Axel Springer SE, the Supervisory Board receives fixed compensation of EUR 3,000,000.00 for each fiscal year. The Supervisory Board resolves about the allocation of the above amount among its members, taking into reasonable account the activities of its members as the Chairman and in the committees. If members of the Supervisory Board leave the Supervisory Board during the course of a fiscal year, they receive compensation proportionately according to time in the fiscal year, whereby only full months of work are taken into account. If the function as a member of the Supervisory Board linked to higher compensation ends during the course of a fiscal year, the above sentence applies accordingly with regard to the portion of the compensation linked to the relevant function.

If the Company concludes financial liability insurance (so-called D & O insurance) for the members of the Supervisory Board, the Company bears the insurance premium.

VIII. Shareholders' meeting (§ 17 to § 22)

§ 17 of the articles of association of Axel Springer SE was only made more precise in its wording in lit. b) compared to § 17 of the articles of association of Axel Springer Aktiengesellschaft.

§ 18 para. 1 of the articles of association of Axel Springer SE provides that the regular shareholders' meeting takes place in Berlin within the first six months after completion of the fiscal year. This takes into account the provision in Art. 54 para. 1 sentence 1 SE Regulation, according to which the shareholders' meeting of an SE must convene within six months after the end of the fiscal year. The shareholders' meeting is called by the Management Board or the Supervisory Board in accordance with § 18 para. 2 of the articles of association of Axel Springer SE. Pursuant to Art. 54 para. 2 SE Regulation, the call for the shareholders' meeting, contrary to German stock corporations law, is also possible by the Supervisory Board without having any special reason.

The changes in § 19 para. 3 of the articles of association of Axel Springer SE compared to § 19 para. 3 of the articles of association of Axel Springer Aktiengesellschaft serve only as an adaptation to the currently generally common formal customs in granting

proxies to vote. Accordingly, especially the requirement of text as the form for issuing the proxy, its revocation and proof of proxy towards the Company has been deleted.

§ 20 para. 1 of the articles of association of Axel Springer SE provides that the chairman of the Supervisory Board of Axel Springer SE normally has the chair in the shareholders' meeting. If the chairman of the Supervisory Board is hindered, he must determine another member of the Supervisory Board to be the chair of the shareholders' meeting. If the chairman is hindered and if he has not appointed anyone as his representative, the Supervisory Board elects a chairman for the shareholders' meeting, whereby this can also be a person who is not a member of the Supervisory Board of Axel Springer SE. The possibility to determine the chairman for the shareholders' meeting from an expanded group of persons provides greater flexibility if needed. The provision in the articles of association establishes the legal framework required for this.

§ 20 para. 2 of the articles of association of Axel Springer SE provides that the chairman of the meeting also determines the method as well as the form of voting.

§ 21 of the articles of association of Axel Springer SE regulates the adopting of resolutions in the shareholders' meeting of Axel Springer SE. Pursuant to paragraph 2 sentence 1, the resolutions of the shareholders' meeting are adopted with a simple majority of the votes cast unless mandatory provisions in the law (which currently do not exist in Germany) provide otherwise. This corresponds to the requirements in Art. 57 SE Regulation.

Pursuant to § 21 para. 2 sentence 2 of the articles of association, amendments to the articles of association require a majority of two thirds of the votes cast or the simple majority of the votes cast if at least half of the share capital is represented, to the extent that mandatory statutory provisions or provisions in the articles of association do not require a larger majority. This corresponds to the requirements in Art. 59 para. 1 SE Regulation which has been implemented in Germany in § 51 sentence 1 SEAG.

The Management Board believes and concurs with the view that is becoming the predominant view in legal writings that the three quarters majority of the capital generally contemplated for resolutions amending the articles of association in the German Stock Corporations Act must be treated as an additional requirement permissible under Art. 59 SE Regulation in the SE. This achieves equivalency with the requirements applicable to a German stock corporation with regard to the requirements for a resolution. The result is that a resolution in Axel Springer SE amending the articles of association continues to require a three quarters majority of the represented share capital. Therefore, the three

quarters majority of the capital required in each case is also required at Axel Springer SE for resolutions about structural measures (e.g. corporate group agreements, mergers, spin-offs, splits).

§ 21 para. 3 of the articles of association of Axel Springer SE provides that an amendment of the principles on management of the business set forth in § 3 of the articles of association of Axel Springer SE requires a majority corresponding to at least four fifths of the votes cast. This provision corresponds to the requirements in Art. 59 para. 1 SE Regulation.

§ 21 para. 4 of the articles of association of Axel Springer Aktiengesellschaft was not incorporated into the articles of association of Axel Springer SE because the proportionate voting provided there in the second vote is not consistent with Art. 57 SE Regulation which provides for a simple majority vote for all resolutions of the shareholders' meeting of an SE unless the SE Regulation or the law relevant for stock corporations in the country where the SE has its registered office provide for a larger majority.

§ 22 ("Transmissions of sound and image ") in the articles of association of Axel Springer SE has not been changed when compared to § 22 of the articles of association of Axel Springer Aktiengesellschaft.

IX. Fiscal year and use of the balance sheet profit (§§ 23, 24)

There have been no changes in the articles of association of Axel Springer SE compared to the provisions about the fiscal year (§ 23) and the use of profit (§ 24) in the articles of association of Axel Springer Aktiengesellschaft,

X. Costs involved in establishing the Company (§ 25)

§ 25 provides that the expense for establishing the Company with regard to the transformation of Axel Springer Aktiengesellschaft into Axel Springer SE will be borne by the Company in an amount of up to EUR 1,200,000. This determination is a necessary part of the articles of association for establishing the Company (Art. 15 para. 1 SE Regulation, § 26 para. 2 AktG).

G. Effects of the transformation on the shareholders

In accordance with the requirement in Art. 37 para. 4 SE Regulation, the effects which the transition to the legal form of the SE will have for the shareholders of Axel Springer Aktiengesellschaft are shown below.

The result of the transformation of Axel Springer Aktiengesellschaft into an SE is that there will be only a few direct effects for the shareholders of the Company. When the transformation takes effect, the shareholders will no longer have a participation in a German stock corporation and instead will have a participation in a European Company. The immediate effects of the transformation result for the Company itself. The SE is subject to special provisions which differ in part from the provisions in the German law governing German stock corporations. The articles of association of the Company will also change. These changes also indirectly affect the shareholders. Aside from this, the Company will continue to exist as a legal entity, and its operational business will be unaffected by the transformation.

The effects of the transformation on the participation of the shareholders in the Company are described below in Section G.I of this Transformation Report. The effects of the transformation on the Company are described in Section G.II of this Transformation Report.

I. The effects of the transformation on the participation in the Company

1. Continuing existence of the participation

The shareholders of Axel Springer Aktiengesellschaft will be shareholders of Axel Springer SE by force of law when the transformation takes effect. Their participation in the Company continues to exist without any change because the legal entity remains identical. The mathematical portion of EUR 1.00 per share in the share capital will remain. The shareholders will continue to hold the same number of shares which they held prior to the transformation taking effect. Therefore, the proportionate shareholdings do not change as a result of the transformation. The rights associated with the shares, including the right to a dividend, do not change as a result of the transformation of Axel Springer Aktiengesellschaft into an SE. The restriction on shares and subscription rights set forth in the articles of association of Axel Springer Aktiengesellschaft will remain.

2. Continuation of the admission and listing on the stock exchange

The transformation of Axel Springer Aktiengesellschaft into an SE has no effects on the admission of the Company's shares on the exchange. The shareholders of the Company can also trade their shares after the transformation on every stock exchange where the shares are currently admitted to trading.

After the transformation takes effect, the listing and the registered shares of the Company in the regulated market on the Frankfurt Stock Exchange will be changed from "Axel Springer AG" to "Axel Springer SE". The ISIN DE0005501357 and the WKN 550135 as well as the ISIN DE0005754238 and the WKN 575423 do not change as a result of the transformation. This also applies for the stock exchange abbreviation "SPR". The stock exchange orders which have not yet been executed at the time of the change do not expire as a result of the change. The securities account banks will change all holdings in the securities accounts of the shares of the Company into the new designation "Axel Springer SE". The shareholders will not incur any costs due to the change in the designation of the stock.

The transformation also has no effects on the classification of Axel Springer SE in the stock index MDAX.

3. Continuation of the notification duties under the WpHG

With regard to certain duties to issue a notification about shares in the voting rights, the provision in §§ 21 et seqq. of the German Securities Trading Act (WpHG) will apply by way of Art. 9 para. 1 lit. c) (ii) SE Regulation for Axel Springer SE as a listed SE, just as they applied for Axel Springer Aktiengesellschaft as a listed German stock corporation. Rights of the shareholders, therefore, also cannot be exercised under certain circumstances at the SE if notification duties under the WpHG have been violated (§ 28 WpHG). Notifications about shares in the voting rights issued prior to the transformation are not affected by the transformation. The fact of the transformation, for its part, does not trigger any duty for the shareholders of the Company to issue a notification.

4. Continuing existence of the shareholder rights in the shareholders' meeting

The rights of the shareholders of Axel Springer Aktiengesellschaft to information are not affected by the transformation of Axel Springer Aktiengesellschaft into an SE.

5. Effects on stock certificates

The global certificates for all shares of Axel Springer Aktiengesellschaft will be exchanged for global certificates for all shares of Axel Springer SE after the transformation takes effect. The global certificates will continue to be held in collective custody.

6. Tax effects

The transformation of Axel Springer Aktiengesellschaft into an SE does not trigger any income taxes or transaction taxes in Germany because no transfer of assets takes place. Especially no capital transaction taxes or value added taxes are incurred.

Distributions of dividends for Axel Springer SE as well as sales of shares in the Company generally have the same tax effects for the shareholders of Axel Springer SE under German income tax law as distributions of dividends and sales of shares in a German stock corporation.

Shareholders of Axel Springer Aktiengesellschaft are advised to consult with their tax advisors with regard to any potentially existing specific aspects that might be relevant for tax purposes. This applies especially with regard to any special aspects which result under the application of provisions in foreign law.

II. Effects of the transformation on the Company

The transformation of Axel Springer Aktiengesellschaft into an SE results in neither the dissolution of the Company nor the establishment of a new legal entity under Art. 37 para. 2 SE Regulation. Instead, a change in legal form is involved under which the legal and economic identity of the Company remains. Therefore, both the existing contractual relationships of the Company as well as the permits, licenses and similar items issued by public authorities as well as other legal relationships to third parties are generally unaffected by the transformation.

Effects of the transformation result, on the one hand, that new articles of association will apply for Axel Springer SE in which the provisions differ in part from the provisions in the articles of association for Axel Springer Aktiengesellschaft. The content and the effects of the changed articles of association are explained in detail in Section F of this Transformation Report.

Effects of the transformation can result, on the other hand, from the fact that the statutory provisions applicable to Axel Springer SE differ in substance from the statutory provisions applicable to Axel Springer Aktiengesellschaft.

Therefore, the main statutory provisions which currently apply for Axel Springer Aktiengesellschaft are compared below to the provisions that will apply in the future for Axel Springer SE to the extent that changes result for the Company according to the provisions applicable in the transformation. Selected aspects will be additionally explained in which the transformation leads to no change or no material change compared to the previous situation.

1. Applicable law

Upon the transformation of Axel Springer Aktiengesellschaft into an SE taking effect, the legal relationships of the Company are governed by the law applicable to an SE.

Contrary to the situation with a German stock corporation, the SE is a supra-national legal form which was created by the law of the European Community. Therefore, the SE is subject primarily to the provisions in the SE Regulation which have priority over the provisions of national law in all Member States because it is directly applicable European law. This assures that an SE – independently of its registered office – is recognized throughout Europe. Pursuant to Art. 10 SE Regulation, an SE is authorized, subject to the provisions of the SE Regulation, to act in each Member State like a stock corporation which has been established under the law of the country where the SE has its registered office.

Except to the extent that the SE Regulation provides otherwise, the SE is initially subject to the provisions of its articles of association. Therefore, the articles of association of the SE can contain provisions which have priority over the provisions of national law to the extent that the SE Regulation allows this.

With regard to the areas that are not regulated by the SE Regulation or to the extent that an area is only partially regulated and those aspects which are not covered by the SE Regulation, Art. 9 para. 1 lit. c) SE Regulation refers to the national law of the country in which the SE has its registered office. Initially those provisions of law apply which the Member States have specifically issued in connection with the SE (Art. 9 para. 1 lit. c) (i) SE Regulation). These are especially the SEAG and the SEBG in Germany. To the extent that these specific provisions do not contain a regulation, the SE with its registered office in Germany is subject to the provisions in the law which apply

to a stock corporation with its registered office in Germany (Art. 9 para. 1 lit. c) (ii) SE Regulation), i.e. especially the provisions in the German Stock Corporations Act, the German Commercial Code, the German Transformation Act, the German Securities Trading Act and the German Securities Acquisition and Takeover Act.

2. Change in the commercial register number

Pursuant to § 3 SEAG, the SE is registered in the commercial register in accordance with the provisions applicable to stock corporations. When the transformation takes effect, Axel Springer SE will receive a new commercial register number which is different from the commercial register number of Axel Springer Aktiengesellschaft. Registrations and filings relating to the Company will be made exclusively in the commercial register for Axel Springer SE after the transformation takes effect.

3. Registered office of the Company

As is the case with a stock corporation, the registered office of the SE is determined by the articles of association (Art. 7 SE Regulation, § 2 SEAG), whereby the registered office of an SE must be located in the European Community and specifically in that Member State in which the headquarters are located (Art. 7 sentence 1 SE Regulation, also § 2 SEAG)

However, Art. 8 SE Regulation permits moving the registered office of an SE to another Member State. The move of the registered office requires a resolution of the shareholders' meeting which must have the majority required for amending the articles of association. The SE must offer to purchase the shares of any shareholder who declares an objection for the record against the resolution on moving the registered office in exchange for reasonable cash compensation (§ 12 para. 1 sentence 1 SEAG).

4. Share capital

While the minimum nominal amount of the share capital is EUR 50,000 for a stock corporation (§ 7 AktG), the share capital of an SE must be at least EUR 120,000 (Art. 4 para. 2 SE Regulation).

The share capital of Axel Springer SE will be exactly as high as the share capital of Axel Springer Aktiengesellschaft at the time of the transformation and will be divided into no-par registered shares. The shares as well as the subscription rights for the shares can continue to be transferred only with the approval of the Company.

5. Corporate governance of the company

a) Management Board

aa) Term of office of the members of the Management Board

The members of the Management Board of a stock corporation are appointed by the Supervisory Board for a maximum of five years; a further appointment or extension of the term of office is permissible, in each case for a maximum of five years (§ 84 para. 1 AktG).

Pursuant to Art. 46 para. 1 SE Regulation, the members of the Management Board of an SE are appointed by the Supervisory Board. The appointment is made for a period of time that is fixed in the articles of association and cannot exceed six years. In the case of an SE, in general longer terms of office are permissible. However, this possibility has not been used in the articles of association of Axel Springer SE.

A further appointment of members of the Management Board is permissible (Art. 46 para. 2 SE Regulation).

bb) Adopting resolutions

The vote of the chairman of the Management Board is generally decisive in the case of a tie vote when adopting a resolution in an SE (right to break the tie, Art. 50 para. 2 sentence 1 SE Regulation). The articles of association of Axel Springer SE follows this model established by the law and expressly states this (§ 8 para. 5 sentence 2). The provision accordingly corresponds to § 6 para. 4 sentence 3 of the current rules of procedure for the Management Board of Axel Springer Aktiengesellschaft dated 22 October 2007.

cc) Reporting duties to the Supervisory Board

The reporting duties for the Management Board to the Supervisory Board in Axel Springer SE correspond to the greatest extent to the previous reporting duties in Axel Springer Aktiengesellschaft.

The reporting duties of the Management Board and the corresponding rights of the Supervisory Board to information are regulated for an SE in Art. 41 para. 1 SE Regulation. Art. 41 para. 1 SE Regulation corresponds in substance to §§ 90, 111 AktG which apply to a German stock corporation. The periodic reporting duties of

the management board generally correspond to those of the management board of a stock corporation. The rights of the Supervisory Board of an SE to demand information, however, extend in part beyond those of the supervisory board in a stock corporation. The Management Board of Axel Springer SE, therefore, has a duty to report to the Supervisory Board of Axel Springer SE which is at least as broad as the duty for the Management Board of Axel Springer Aktiengesellschaft to report to the Supervisory Board of Axel Springer Aktiengesellschaft. Specifically:

Pursuant to § 90 para. 1 AktG, the management board of a stock corporation must report to the supervisory board about (i) the intended business policy and other fundamental issues in the business planning (especially financial, investment and personnel planning), whereby differences between the actual development compared to previously reported goals and information about the reasons must be addressed, (ii) the profitability of the company, especially the profitability of the equity capital, (iii) the course of the business, especially the sales, the situation of the company as well as (iv) transactions which can be of substantial importance for the profitability and liquidity of the company. If the company is a parent company, the report must also address subsidiaries and joint enterprises (§ 90 para. 1 sentence 2 AktG). In addition, the chairman of the supervisory board must receive reports about other important matters. A business event at an affiliated enterprise which can have a substantial influence on the situation of the company that has become known to the management board is such an important matter (§ 90 para. 1 sentence 3 AktG).

In addition to the described reporting duties, the supervisory board can demand a report at any time about the affairs of the company, its business relationships to affiliated enterprises as well as business matters at these companies which can have a material influence on the situation of the company (§ 90 para. 3 sentence 1 AktG). An individual member can also demand a report, but only to the supervisory board.

The reports must comply with the principles of conscientious and accurate accounting. The reports must be provided in as timely a manner as possible and normally in the form of text (§ 90 para. 4 AktG). Each member of the supervisory board has the right to be informed about the reports (§ 90 para. 5 sentence 1 AktG).

The management board of the SE must report to the supervisory board of the SE at least every three months about the course of the business of the SE and the likely development of the SE (Art. 41 para. 1 SE Regulation).

In addition to the regular reporting, the management board must provide notification in a timely manner about all information or events which can have a material effect on the situation of the SE (Art. 41 para. 2 SE Regulation). Pursuant to Art. 41 para. 3 SE Regulation, the supervisory board of an SE can demand all information from the management board which is necessary for the supervisory board to exercise control. As is the case in a stock corporation, each member of the supervisory board can only demand that this information from the management board is issued to the supervisory board (Art. 41 para. 3 SE Regulation, § 18 SEAG).

The supervisory board can conduct examinations or have them conducted which are necessary in order to fulfill its responsibilities (Art. 41 para. 4 SE Regulation). Each member of the supervisory board can have access to all information which has been transmitted to the supervisory board (Art. 41 para. 5 SE Regulation).

dd) Transactions requiring approval

The Supervisory Board of Axel Springer SE can make certain transactions by the Management Board dependent on the Supervisory Board granting approval (§ 15 of the articles of association of Axel Springer SE). Just as is the case with a stock corporation (§ 111 para. 4 sentence 2 AktG), such a catalogue does not necessarily have to be included in the articles of association of the SE. Although the articles of association at an SE must generally establish the types of transactions which require approval of the supervisory board in accordance with Art. 48 para. 1 sentence 1 SE Regulations, the Member States can provide that the supervisory board in a two-tier structured SE can also make certain types of transactions dependent on its approval. The German legislature has made use of this possibility in § 19 SEAG in order to establish a high degree of equivalency with the general law on stock corporations.

There is no uniform view about whether the shareholders' meeting of an SE can replace the consent of the supervisory board which has not been granted with a resolution in accordance with § 111 para. 4 sentences 3 to 5 AktG. The SE Regulation does not regulate the competency of the shareholders' meeting in issues of management on the basis of a submission by the management board or in

the case of a conflict between the management board and the supervisory board. Art. 52 sentence 2 SE Regulation, which refers to the provisions in German law for an SE with its registered office in Germany, supports the view that there is competency to adopt such a resolution. The Management Board accordingly believes that the shareholders of Axel Springer SE can make a decision pursuant to § 111 para. 4 sentences 3 to 5 AktG also after the transformation.

b) Supervisory Board

aa) Size and composition

As is the case with a stock corporation, the supervisory board of an SE consists of at least three members. The articles of association can establish a higher number, but the number must be divisible by three (§ 17 para. 1 sentence 3 SEAG). The maximum number of members of a supervisory board is based on the share capital and is twenty-one in the case of a company with a share capital of more than EUR 10 million (§ 17 para. 1 sentence 4 SEAG). The articles of association of Axel Springer SE sets the number of members of the Supervisory Board at nine.

As a company devoted to the expression of opinions, which serve directly and primarily purposes of reporting and the expression of opinions and to which Art. 5 para. 1 sentence 2 of the German Constitution applies, the German laws regulating board-level co-determination do not apply to Axel Springer Aktiengesellschaft. The Supervisory Board of Axel Springer Aktiengesellschaft accordingly consists only of representatives of the shareholders (§ 96 para. 1 AktG).

This does not change as a result of the transformation unless a different agreement is made between the management of the company and the special negotiating body for the employees.

If the negotiation procedure ends without any agreement, the point in time of the transformation is determinative for the applicability of a co-determination regime to the SE. The provisions in the SEBG about co-determination by force of law (§§ 34 through 38 SEBG) do not apply due to § 39 para. 1 no. 2 SEBG because the Company is devoted to expression of opinions within the meaning of § 39 SEBG and accordingly directly and primarily serves purposes of reporting or expression of opinion to which Art. 5 para. 1 sentence 2 of the German Constitution applies. Since the German laws regulating board-level co-determination also do not apply to the SE, the Company is not subject by force of law to co-determination of the employees at the corporate level after the

transformation. The Supervisory Board of Axel Springer SE will accordingly continue to consist only of representatives of the shareholders.

If § 39 SEBG were not applicable, the so-called "before-and-after" principle would apply (§ 35 para. 1 SEBG) in which the board-level co-determination existing prior to the transformation continues to exist in the SE. Since there is no board-level co-determination at Axel Springer Aktiengesellschaft, there is also no board-level co-determination at Axel Springer SE if the "before-and-after" principle is applied.

bb) Status procedure for the composition of the Supervisory Board

As a result of the general reference in Art. 9 para. 1 lit. c) (ii) SE Regulation, the provisions in the law on stock corporations about the so-called status procedure which applies if there is a dispute of uncertainty about whether the supervisory board is composed in accordance with the statutory provisions applicable to the supervisory board (§§ 97, 98, 99 AktG) apply for a German SE. In addition, § 17 para. 3 SEAG applies, according to which the SE Works Council is also authorized to initiate the court status proceedings.

cc) Court appointment of the members of the Supervisory Board

The fact that a member of the supervisory board can be appointed by a court of jurisdiction is regulated in the SE Regulation by general reference to Art. 9 para. 1 lit. c) (ii) SE Regulation. In addition, § 17 para. 3 SEAG applies for the SE so that the SE works council is also authorized to file a request for court proceedings to appoint a member.

dd) Term of office for members of the Supervisory Board

The members of the supervisory board in a stock corporation cannot be appointed for a period which is longer than the end of the shareholders' meeting which resolves about ratification of actions for the fourth fiscal year after the beginning of the term of office (whereby the fiscal year in which the term of office begins is not included in the calculation) (§ 102 para. 1 AktG)). Compared to this, the members of the supervisory board of an SE can be appointed for a period of time set in the articles of association which cannot exceed six years (Art. 46 para. 1 SE Regulation). In the case of an SE, therefore, generally longer terms of office are permissible for members of the supervisory board than in the case of a German

stock corporation. However, this possibility has not been used in the articles of association of Axel Springer SE.

ee) Adopting resolutions

Unless the articles of association provide otherwise, the chairman of the supervisory board has the tie breaking vote in an SE if there is a tie of vote when adopting a resolution (right to cast the decisive vote, Art. 50 para. 2 sentence 1 SE Regulation). Such a provision already exists at Axel Springer Aktiengesellschaft (§ 12 sentence 2 of the articles of association of Axel Springer Aktiengesellschaft).

c) Shareholders' meeting

aa) Competency

The shareholders of a stock corporation exercise their rights in the matters of the company in the shareholders' meeting unless provided otherwise in the law (§ 118 para. 1 AktG).

The shareholders' meeting of a stock corporation as well as of an SE with its registered office in Germany can generally only decide about measures when this is requested by the management board (§ 119 para. 2 AktG, Art. 52 SE Regulation). Exceptions apply under the case law of the German Supreme Court of Justice (*Bundesgerichtshof*) for structural measures which formally fall within the management authority of the management board but which have such a serious impact on the interests of the shareholders that the management board cannot reasonably assume that it can act exclusively on its own (the so-called "*Holz Müller/Gelatine*" case law). The Management Board accordingly believes that this principle also applies to an SE with its registered office in Germany so that there will be no changes as a result of the transformation of Axel Springer Aktiengesellschaft into an SE.

In addition to the competency of the shareholders' meeting of a German stock corporation (above all in the case of structural and capital measures), the shareholders' meeting of the SE adopts resolutions in accordance with Art. 52 SE Regulation about all matters for which it has been granted sole authority by the SE Regulation or by legal provisions of the country where the SE has its Registered Office when applying the Directive 2001/86/EC (SE Employee Involvement Directive). These matters include especially moving the registered office (Art. 8

SE Regulation) as well as transforming back to a stock corporation under national law (Art. 66 para. 6 SE Regulation). A reverse transformation can only be resolved two years after registration of the SE or after approval of the first two sets of annual financial statements.

bb) Time period for ratification of actions by the members of the Management Board and the Supervisory Board

The shareholders' meeting of a stock corporation resolves in the first eight months of the fiscal year about the ratification of actions of members of the management board and the supervisory board (§ 175 para. 1 sentence 2 AktG). The provisions in the law on stock corporations also generally apply to the SE by way of Artt. 52, 53 SE Regulation. The period in which the shareholders' meeting of the SE must meet after the end of the fiscal year, however, is only six months under Art. 54 para. 1 sentence 1 SE Regulation.

cc) Calling of the meeting / supplementing the agenda at the request of a minority

The shareholders' meeting of a stock corporation must be called when shareholders who together hold 5% of the share capital request this in writing, stating the purpose and the reasons (§ 122 para. 1 AktG). The shareholders must demonstrate that they have been shareholders for at least three months prior to the date of the shareholders' meeting and that they will hold the shares until the decision about the request (i.e. until authorization by the court or until the meeting is called by the management board) (§§ 122 para. 1 sentence 3, 142 para. 2 sentence 2 AktG). Shareholders holding together 5% of the share capital or a proportionate amount of EUR 500,000.00 in the share capital can also demand that items be announced for resolutions of a shareholders' meeting (§ 122 para. 2 AktG). If the request is not complied with, the court can authorize the shareholders who have made the request to call the shareholders' meeting or announce the item (§ 122 para. 3 sentence 1 AktG).

The calling of the meeting and the setting of the agenda for the shareholders' meeting of an SE can be requested by one or more shareholders if the shareholder(s) hold(s) at least 5% of the share capital (Art. 55 para. 1 SE Regulation, § 50 para. 1 SEAG). The request to call the meeting must contain the items for the agenda (Art. 55 para. 2 SE Regulation). Upon request, the court can authorize the shareholders to call the shareholders' meeting if the shareholders' meeting has not been held at the latest two months after the request

to call the meeting was submitted (Art. 55 para. 3 SE Regulation). Shareholders holding 5% of the share capital or a proportionate amount of EUR 500,000.00 in the share capital can request that one or more items be added to the agenda for the shareholders' meeting of an SE.

dd) Resolutions amending the articles of association

The shareholders' meeting of a stock corporation resolves about amendments to the articles of association with at least three quarters of the share capital represented when adopting the resolution as well as a simple majority of the votes (§§ 179 para. 2, 133 AktG). The articles of association can provide for a different majority, but only a larger majority of the capital can be established for a change of the purpose of the enterprise (§ 179 para. 2 sentence 2 AktG). According to the articles of association of Axel Springer Aktiengesellschaft, the simple majority of votes is sufficient unless mandatory provisions in the law or the articles of association provide otherwise. With regard to the majority of the capital required for adopting a resolution, however, the statutory provisions apply so that a resolution amending the articles of association, in the final analysis, requires a three quarters majority of the represented share capital.

The SE Regulation and the SEAG provide for majorities and requirements which are different from the German Stock Corporations Act. Amendments to the articles of association of an SE require a resolution by the shareholders' meeting which is adopted with a majority of no less than two thirds of the votes cast unless the provisions in the law for stock corporations with the registered offices in the same country as the SE provide for or permit larger majorities (Art. 59 para. 1 SE Regulation). To the extent permissible under the German Stock Corporations Act, the articles of association for the SE can, however, provide that the necessary majority be decreased. If there is a decrease to the simple majority of the votes cast for resolutions of the shareholders' meeting amending the articles of association, § 51 sentence 1 SEAG provides that at least half of the share capital must be represented when the resolution is adopted. This does not apply for an amendment to the purpose of the enterprise, a resolution about moving the registered office or for situations for which a higher majority of the capital is mandated by law (§ 51 sentence 2 SEAG). The articles of association of Axel Springer SE have made use of the possibility created by § 51 sentence 1 SEAG in § 21 para. 2.

Aside from this, the Management Board concurs with the view in legal writings that is becoming predominant that the three quarters majority of the capital contemplated under the German Stock Corporations Act for resolutions amending the articles must be considered to be an additional requirement permitted by Art. 59 SE Regulation for adopting resolutions about an amendment to the articles of association of the SE. This establishes equivalency with the requirements for a German stock corporation with regard to the requirements for adopting the resolution. As a result, a three quarters majority of the represented share capital continues to be required for a resolution amending the articles of association of Axel Springer SE.

As has been the case to date, an amendment of the principles for the management of the business set forth in § 3 of the articles of association requires a majority consisting of at least four fifth of the share capital represented when adopting the resolution.

ee) Control of resolutions

The SE Regulation and the SEAG contain no provisions about substantive control of the resolutions. The provisions of the German Stock Corporations Act about complaints to set aside resolutions and declare them void (§§ 241 et seqq. AktG) apply by means of the general reference in Art. 9 para. 1 lit. c) (ii) SE Regulation or Art. 5 SE Regulation.

6. Applicability of the German Corporate Governance Code

Axel Springer SE, just as is the case with Axel Springer Aktiengesellschaft, is subject to the DCGK the recommendations of which the Company has complied with since the announcement in the official part of the electronic Federal Gazette on 2 July 2010, with four exceptions (see the compliance declaration pursuant to § 161 AktG by the Management Board and Supervisory Board of the Company dated 6 November 2012, available in the internet at <http://www.axelspringer.de>).

7. Relationships of the Company to affiliated enterprises

The German law on corporate groups applies also to the SE according to the very predominant view which the Management Board also takes. This applies both for situations in which the SE is a controlled company as well as situations in which the SE is the controlling company and involves especially corporate group agreements, *de facto*

corporate groups, mergers and the exclusion of minority shareholders in exchange for cash compensation.

8. Accounting

The group financial statements and the interim financial statements are prepared at Axel Springer Aktiengesellschaft in accordance with IFRS as the IFRS must be applied in the EU. The group financial statements also contain information required under § 315a para. 1 HGB. The group financial statements are prepared by the Management Board of Axel Springer Aktiengesellschaft and audited by the auditor. The Company publishes the financial statements within 90 days after the end of the reporting period and the quarterly reports within 45 days after the end of the respective reporting period. The notes to the group financial statements explain the relationships to the shareholders who are considered to be related persons for purposes of the applicable accounting provisions.

The preparation of the financial statements and the other provisions which relate to the annual financial statements and the management report as well as the group financial statements and the group management report continue to be governed after the transformation of Axel Springer Aktiengesellschaft into Axel Springer SE by the rules which previously applied.

H. Effects of the transformation on the employees

The effects of the transformation on the employees which must be described in the Transformation Report in accordance with the requirement in Art. 37 para. 4 SE Regulation are explained in more detail in Section E.IV of this Transformation Report.

Abbreviations and defined terms

Translator's Note: The abbreviations and terms below are a sequence which corresponds to the alphabetical order in the German version of the Transformation Report. Some abbreviations in the German version do not have English equivalents and accordingly are not reflected in this list.

AG	German Stock Corporation (<i>Aktiengesellschaft</i>)
AktG	German Stock Corporations Act (<i>Aktiengesetz</i>)
Art., Artt.	Article, articles
Articles of Association of Axel Springer Aktiengesellschaft	Articles of Association of Axel Springer Aktiengesellschaft in the version resolved in the shareholders' meeting on 14 April 2011
Articles of Association of Axel Springer SE	Draft of the articles of association of Axel Springer SE attached to the Transformation Plan.
ASMI	Axel Springer Media Impact Dienstleistungs-GmbH
Axel Springer Group	Axel Springer Aktiengesellschaft together with the enterprises affiliated with it within the meaning of § 17 AktG. However, IFRS consolidation and not the standard set forth in § 17 AktG applies to all statements about financial numbers in this Transformation Report related to the Axel Springer Group.
Company	Axel Springer Aktiengesellschaft/SE
DCKG	German Corporate Governance Code (<i>Deutscher Corporate Governance Kodex</i>) in the version dated 15 May 2012
DrittelbG	German Act on one-third Involvement of the Employees and the Supervisory Board (<i>Gesetz über die Drittelbeteiligung der Arbeitnehmer im Aufsichtsrat</i>) in the version of 18 May 2004
EBRG	German Act on European Works Councils (<i>Gesetz über Europäische Betriebsräte</i>) in the version of 7 December 2011
EEA	European Economic Area
EU	European Union
EUR	Euro
FTE	Full Time Equivalent
GmbH	Company with limited liability (<i>Gesellschaft mit beschränkter Haftung</i>)
HGB	German Commercial Code (<i>Handelsgesetzbuch</i>)
HRB	German Commercial Register, Section B
IFRS	International Financial Reporting Standards
ISIN	International Securities Identification Number
KG	German Limited Partnership (<i>Kommanditgesellschaft</i>)
KGaA	German Limited Partnership based on shares (<i>Kommanditgesellschaft auf Aktien</i>)
MitbestG	German Act on Employee Co-Determination (<i>Gesetz über die Mitbestimmung der Arbeitnehmer</i>) dated 4 May 1976
no., nos.	number(s)
para.	paragraph
Publicity Directive	Directive 2009/101/EC of the European Parliament and of the Council of 16 September 2009 on coordination of safeguards which, for the protection of interests of members and third parties, are required by Member States of companies within the meaning of the second paragraph of Article 48 of the Treaty, with a view to

	making such safeguards equivalent.
SE	European Company (<i>Societas Europaea</i>)
SE Employee Involvement Directive	Council Directive 2001/86/EC dated 8 October 2001 supplementing the Statute for a European Company with regard to the involvement of the employees
SE Regulation	Council Regulation (EC) No. 2157/2001 dated 8 October 2001 on the Statute for a European company (SE)
SEAG	German Act on the Implementation of the Council Regulation (EC) No. 2157/2001 dated 8 October 2001 on the Statute for a European company (SE) dated 22 December 2004 (<i>Gesetz zur Ausführung der Verordnung (EG) Nr. 2157/2001 des Rates vom 8. Oktober 2001 über das Statut der Europäischen Gesellschaft (SE)</i>) in the version dated 30 July 2009.
SEBG	German Act on the Involvement of Employees in a European Company (<i>Gesetz über die Beteiligung der Arbeitnehmer in einer Europäischen Gesellschaft</i>) in the version dated 22 December 2004
Transformation Plan	The Transformation Plan which was notarized on 5 March 2013 (Roll of Deeds No. R188/2013 of the notary Hans-Hermann Rösch with offices in Berlin
Transformation Report transformation	this report Transformation of Axel Springer Aktiengesellschaft pursuant to Artt. 37, 2 para. 4 SE Regulation into an SE with the name "Axel Springer SE"
UmwG	German Transformation Act (<i>Umwandlungsgesetz</i>) in the version dated 28 October 1994
WpHG	German Securities Trading Act (<i>Gesetz über den Wertpapierhandel</i>) (<i>Wertpapierhandelsgesetz</i>) in the version dated 9 September 1998

Berlin, 5 March 2013

The Management Board of Axel Springer Aktiengesellschaft

Dr. Mathias Döpfner

Jan Bayer

Ralph Büchi

Lothar Lanz

Dr. Andreas Wiele