



Financial Statements

Axel Springer AG

for the period ending

December 31, 2007

Balance Sheet

of Axel Springer AG

at December 31, 2007

Assets

	Note No.	€	Previous Year € thousands
A. Non-current assets			
I. Intangible assets	5	30.232.289	25.807
II. Property, plant and equipment		265.673.464	299.496
III. Non-current financial assets	6	1.164.261.804	604.448
		1.460.167.557	929.751
B. Current assets			
I. Inventories	7	29.941.217	33.365
II. Receivables and other assets	8	963.042.765	350.224
III. Securities	9	153.753.564	289.225
IV. Cash	10	111.071.620	438.250
		1.257.809.166	1.111.064
C. Accruals			
	11	3.445.722	844
		2.721.422.445	2.041.659

Equity and liabilities

	Note		Previous Year
	No.	€	€ thousands
A. Equity			
I. Subscribed capital	12	98.940.000	102.000
II. Additional paid-in capital	13	3.060.000	0
III. Revenue reserves	14	605.201.408	629.096
IV. Unappropriated net profit		131.920.000	122.947
		839.121.408	854.043
B. Provisions			
	15	507.011.703	573.439
C. Liabilities			
	16	1.334.082.554	570.840
D. Deferrals			
	17	41.206.780	43.337
		2.721.422.445	2.041.659

Income Statement

*of Axel Springer AG for the period from
January 1 to December 31, 2007*

<i>Income Statement</i>			
	Note		Previous Year
	No.	€	€ thousands
1. Revenues	21	1,669,062,853	1,710,050
2. Change in inventories of finished and semi-finished goods		765,333	-1,356
3. Other internal production capitalized		3,473,503	2,785
4. Other operating income	22	684,804,969	190,392
5. Purchased goods and services	23	-513,313,326	-519,498
6. Gross operating profit		1,844,793,332	1,382,373
7. Personnel expenses	24	-455,609,459	-553,284
8. Depreciation, amortization and writedowns of intangible assets and property, plant and equipment	26	-54,301,779	-62,178
9. Other operating expenses	27	-596,504,905	-504,713
10. Income from investments	28	82,128,622	76,859
11. Net interest income	29	-8,599,962	6,518
12. Writedowns of non-current financial assets and marketable securities	30	-548,811,638	-5,008
13. Loss absorption expenses	31	-47,330,341	-10,815
14. Income from ordinary activities		215,763,870	329,752
15. Taxes	32	-67,991,970	-83,858
16. Net income		147,771,900	245,894
17. Asset reduction due to retirement of shares	14	-55,375,500	0
18. Withdrawals from the reserve for treasury shares	14	55,375,500	0
19. Income from the capital reduction	13	3,060,000	0
20. Appropriation to additional paid-in capital as per regulations applicable to simplified capital reduction	13	-3,060,000	0
21. Appropriation to the other retained earnings reserves		-15,851,900	-122,947
22. Unappropriated profit		131,920,000	122,947

Notes to the financial statements of Axel Springer AG

General information

(1) Introductory remarks

Axel Springer AG is obligated to publish consolidated financial statements. The financial statements for 2007 were prepared in accordance with International Financial Reporting Standards (IFRS) and will be filed with the Electronic Federal Gazette (*Elektronischer Bundesanzeiger*). The company is registered with the Berlin-Charlottenburg Local Court under the Commercial Register number 4998.

In the interest of clarity, certain items of the commercial-law balance sheet and income statement of Axel Springer AG have been aggregated. Such items have been presented separately in the notes to the financial statements. As in the previous years, the income statement was prepared in accordance with the cost summary method.

(2) Accounting and valuation methods

The accounting and valuation methods applied in the preparation of the annual financial statements of Axel Springer AG for 2007 are the same as those applied for the financial statements for 2006.

The methods applied in the valuation of individual balance sheet items are described in the following.

Intangible assets and property, plant and equipment are carried at acquisition or production cost. Intangible assets are subjected to systematic amortization over their expected or contractually agreed useful lives. Property, plant and equipment are subjected to systematic depreciation over the customary useful lives, based on the provisions of German tax law. As a rule, such items are depreciated by application of the declining-balance method, exercising the options allowed by tax law, with an eventual change-over to straight-line depreciation. Low-value assets are fully depreciated in the year of acquisition.

The non-current financial assets are presented at acquisition cost or the lower market value. Loans are presented at face value, less repayments and impairment losses when necessary. Impairment losses are recognized in non-current financial assets only when the impairment is expected to be permanent.

Current assets are carried at acquisition or production cost or written down to their lower value.

In addition to direct material and manufacturing costs, the production costs also include an appropriate, capitalizable portion of the overhead costs and depreciation charges. The production costs do not include borrowing costs.

Receivables, other assets and cash and cash equivalents are stated at their nominal values. Specific risks are accounted for by means of appropriate valuation allowances, general risks by means of a general valuation allowance on receivables.

The securities presented as current assets are measured at acquisition cost or the lower stock exchange price.

The pension provisions were measured by application of the projected unit credit method, with consideration given to future salary and pension adjustments. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows. The discount rate is determined with reference to high-quality corporate bonds with maturities that match those of the underlying pension obligations.

The other provisions are stated at the amount that is considered necessary in the estimation of a prudent businessman. They are measured on the basis of all discernible risks.

Liabilities are presented at the nominal value or the higher repayment amount.

Axel Springer AG employs derivative financial instruments to hedge against interest rate and currency risks. Interest rate derivatives in the form of collars, swaps and forward rate agreements are employed to hedge against interest rate risks.

The foreign exchange risks associated with the international business and the extension of loans are hedged by means of forward exchange deals.

Furthermore, the shareholders (H&F) Hellman & Friedman Rose Partners L.P. and Hellman & Friedman International Rose Partners L.P. have issued call options on Axel Springer shares. The exercise of these options is subject

to the condition that stock options are exercised by the Management Board under the corresponding Management Participation Plan. Thus, Axel Springer AG is entitled to purchase one share from H&F for every share issued to a member of the Management Board under the Management Participation Plan. The fair value of the call options, determined by application of an option price model, is €29.6 million.

(3) Currency translation

Receivables and payables denominated in a foreign currency, which are due in up to one year, have been translated at the reference exchange rate of the European Central Bank or the mean exchange rate on the balance sheet date. Receivables and payables denominated in a foreign currency, which are due in more than one year, have been translated at the mean exchange rate on the posting date or the lower (receivables) or higher (payables) reference rate of the European Central Bank or the mean exchange rate on the balance sheet date.

Notes to the Balance Sheet

(4) Fixed assets

The development of the individual items of fixed assets is summarized in the Statement of Changes in Fixed Assets.

(5) Intangible assets

The intangible assets are mainly composed of purchased titles, publishing and supply rights, licenses and computer software.

(6) Non-current financial assets

The List of Shareholdings of Axel Springer AG will be published in the Electronic Federal Gazette.

In the past fiscal year, Axel Springer AG expended a total of €936,834 thousand for the acquisition of subsidiaries and associates. The principal investments related to the PIN Group AG sub-group, the Dogan TV Group and the Jean Frey Group. In addition, an amount of €180,233 thousand was loaned to affiliated companies to finance the acquisition of subsidiaries and associates. These loans, presented as additions to the receivables due from affiliated companies, related mainly to the acquisition of the ZANOX Group, the auFeminin Group and the wall-street:online Group.

(7) Inventories

€ thousands	2007	2006
Raw materials and supplies	27,631	31,697
Semi-finished goods and services	2,142	1,377
Finished goods and merchandise	168	291
Total	29,941	33,365

The main constituent item of raw materials and supplies consisted of paper inventories, in the amount of €17,770 thousand.

(8) Receivables and other assets

€ thousands	2007	2006
Trade receivables	131,720	126,644
	(20)	(24)
Receivables due from affiliated companies	648,636	67,514
	(0)	(0)
Receivables due from other Group companies	44,225	50,415
	(0)	(0)
Other assets	138,462	105,651
	(43,576)	(48,731)
Total	963,043	350,224
	(43,596)	(48,755)

(*) there of due in up to one year

The trade receivables related mainly to the circulation business, in the amount of €57.2 million, and the advertising business, in the amount of €56.4 million.

The receivables due from affiliated companies consisted mainly of the purchase price receivable from the sale of SAT.1 Beteiligungs GmbH and Group charges, most of which in relation to the cash pooling arrangement.

The other assets included receivables due from tax authorities, one receivable resulting from an insolvency proceeding and numerous other, smaller items.

The receivables due from tax authorities consisted mainly of the corporate income tax credit, discounted to present value, in the amount of €47,287 thousand (PY: €46,781 thousand), resulting from the enactment of the German law of tax measures related to the introduction of the European Company and to the modification of other tax regulations (SEStEG), and receivables from advance tax payments for 2007, in the amount of €45,699 thousand.

The company also expects to receive an additional down payment in 2008 on the receivable owed to Axel Springer AG in the original amount of €325.0 million, which has been accepted by the insolvency administrator of KirchMedia GmbH & Co KGaA i.L.. At the balance sheet

date, this receivable was presented in the category of other assets in the amount of €12,368 thousand (PY: €24,736 thousand).

(9) Securities

€ thousands	2007	2006
Treasury shares	133,762	181,203
Other securities	19,992	108,022
Total	153,754	289,225

Axel Springer AG purchased 62,300 treasury shares in 2007. By resolution of the Management Board of November 6, 2007, 1,020,000 treasury shares with a total carrying amount of €55.4 million were retired. At the balance sheet date, Axel Springer AG held 2,380,000 treasury shares, corresponding to €7,140,000 (approx. 7.22%) of the subscribed capital.

After the retirement had taken effect, the retired shares were destroyed in that the share certificates were defaced and the corresponding holdings were charged off from the custody account. The charged-off carrying amount of the retired treasury shares in the amount of €55.4 million was recognized directly in equity in the profit utilization account as the item "Asset reduction due to retirement of shares".

In connection with their purchase of 62,300 shares in 2004, the members of the Management Board were also granted options to purchase an additional eight shares of Axel Springer AG for every share purchased. These stock options entitle the holders to purchase a total of up to 498,400 shares at a price of €54.00, plus 2% interest from July 1, 2004. The options are exercisable. As of December 18, 2007, the Management Board was entitled to sell both 50% of the shares held and to exercise 50% of the options granted, and will be able to sell and exercise the remaining 50% portions as of December 18, 2008. The Management Board did not sell any shares or exercise any options in 2007.

(10) Cash and cash equivalents

€ thousands	2007	2006
Cash on hand	245	136
Cash in banks	107,302	437,410
Checks	3,525	704
Total	111,072	438,250

The company's own cash and cash equivalents were used in some cases to finance the acquisition of equity investments in 2007.

(11) Prepaid expenses

This balance sheet item is mainly composed of prepaid expenses for purchased services and commissions.

(12) Subscribed capital

The subscribed capital of €98,940,000.00 is fully paid up. Each share represents an imputed share of €3.00 of the subscribed capital. The subscribed capital is divided into 32,980,000 registered shares, which can be transferred only with the consent of the company. By resolution of the Management Board of November 6, 2007, and based on the authorization granted by the annual shareholders meeting, 1,020,000 treasury shares with a nominal value of €3,060 thousand were retired and the share capital was reduced by means of a simplified capital reduction.

The company Axel Springer Gesellschaft für Publizistik GmbH & Co, Berlin, which holds 51.55% of the company's share capital, was registered as the shareholder holding more than 50% of the company's equity at the balance sheet date.

(13) Additional paid-in capital

The additional paid-in capital resulted from the €3,060 thousand capital reduction. According to the provisions of Section 237 (5) AktG, the amount of €3,060 thousand, representing the share of capital corresponding to the retired shares, must be appropriated to the additional paid-in capital.

(14) Retained earnings

€ thousands	2007	2006
Statutory reserve	10.200	10.200
Reserve for treasury shares	133.762	181.203
Other retained earnings reserves	461.239	437.693
Total	605.201	629.096

In accordance with Section 272 (4) HGB, a reserve for treasury shares was established in the amount of the acquisition cost in prior years. In connection with the acquisition of 62,300 treasury shares in 2007, the reserve was increased accordingly. When the retired treasury shares were charged off, the existing reserve for treasury shares in the amount of €55.4 million was reversed and credited to the unappropriated net profit. At the balance sheet date, it was not necessary to adjust the value of this reserve as a result of share price changes.

The other retained earnings reserves underwent the following changes in 2007:

€ thousands	
Balance at 01/01/2007	437.692
Appropriated from unappropriated net profit for 2006	15.629
Appropriated from fiscal year net income	15.852
Appropriated to reserve for treasury shares	-7.934
Balance at 12/31/2007	461.239

(15) Provisions

€ thousands	2007	2006
Provisions for pensions	267,722	288,974
Tax provisions	37,156	63,455
Other provisions	202,134	221,010
Total	507,012	573,439

Pension provisions have been established to account for the obligations arising from the vested pension rights and current benefits of former and active employees of Axel Springer AG and their survivors, based on individual contracts and plant agreements. In addition, employees have been given the option, since 2004, to make contributions to a company pension plan by way of salary conversion (Axel Springer Vario Rente). The pension provisions for the defined benefit pension plans were calculated in accordance with IAS 19, based on a discount rate of 5.4% and a pension trend of 2.0%. In 2006, a discount rate of 4.5% had been applied for calculating the going-concern value of the pension obligations. With respect to life expectancies, the 2005 G Mortality Tables of Dr. Klaus Heubeck were applied. As a result of the Age Limit Adjustment Act, the earliest possible retirement age of formerly 62 years was increased to 63 years for purposes of calculating the pension obligations. The adjustment of the discount rate to 5.4% p.a. (PY: 4.5% p.a.) had the effect of reducing the pension provisions by €26,024 thousand.

The pension provisions were measured by application of the projected unit credit method for the first time at the balance sheet date of December 31, 2006 in the full amount of the defined benefit obligation. Because the application of the so-called corridor method (involving the non-consideration of profits and losses from changes in actuarial assumptions within certain limits) to the annual financial statements prepared in accordance with German commercial law is currently in dispute, the full obligation resulting from the application of the projected unit credit method was also recognized at the balance sheet date of December 31, 2007.

The tax provisions consisted mainly of accrued income taxes.

The main constituent items of the other provisions are as follows:

€ thousands	2007	2006
Partial early retirement program (Altersteilzeit)	35,435	39,766
Structural measures	34,472	21,347
Management bonuses	27,136	26,448
Outstanding supplier invoices	23,885	23,670
Litigation risks	22,954	22,943
Returns, discounts and rebate credits	13,304	17,040
Accrued vacation claims	10,176	10,118
Anticipated losses	3,850	17,035

The other provisions also contain compensation claims for Supervisory Board members, occupational accident insurance premiums, site restoration obligations, service anniversary bonuses and loyalty bonuses.

(16) Liabilities

€ thousands	2007	2006
Liabilities due to banks	860.375	24.593
	(4.284) [*]	(4.218) [*]
	(8.674) ^{**}	(10.279) ^{**}
Advance payments received for orders	3.026	3.410
	(3.026) [*]	(3.410) [*]
Trade payables	96.591	90.748
	(96.382) [*]	(90.522) [*]
Liabilities due to affiliated companies	259.529	375.940
	(259.529) [*]	(375.940) [*]
Liabilities due to other Group companies	19.310	21.543
	(19.310) [*]	(21.543) [*]
Other liabilities	95.251	54.606
	(88.983) [*]	(45.008) [*]
	(1.571) ^{**}	(1.660) ^{**}
thereof for taxes	45.098	12.197
thereof for social security	463	864
Total	1.334.082	570.840
	(471.514)[*]	(540.641)[*]
	(10.245)^{**}	(11.939)^{**}

(*)^{*} Due in up to one year(**)^{**} Due in more than five years

The increase in the liabilities due to banks was related to the financing of company acquisitions. By loan agreement of August 14, 2006, Axel Springer AG entered into a credit facility for €1,500,000 thousand with a bank syndicate led by the Royal Bank of Scotland PLC. At the balance sheet date, the credit facility had been utilized in the amount of €840,000 thousand.

The liabilities due to affiliated companies mainly consisted of Group charges, most of which in relation to cash pooling.

The total amount of liabilities secured by real property liens in 2007 amounted to €33,375 thousand, all of which within the item of liabilities due to banks.

(17) Deferred income

The deferred income consists primarily of prepaid subscriptions, capital investment subsidies received and usage fees paid by sales agents.

(18) Contingent liabilities

The contingent liabilities consist of warranty agreements in the amount of €37,846 thousand (PY: €42,264 thousand) and guarantees in the amount of €21,775 thousand (PY: €22,763 thousand).

The contingent liabilities under warranty agreements relate to letters of comfort in the amount of €6,600 thousand (PY: €8,000 thousand). Furthermore, a transfer of pension obligations was agreed in connection with the contribution of the rotogravure printing operations of Axel Springer AG to PRINOVIS Ltd. & Co. KG in 2005, those being the pension obligations attributable to this business. The Commercial Register entry, which is required for a legally valid transfer, had not yet been made at the balance sheet date for the current pension obligations and for the obligations towards former employees with vested pension rights. Because Axel Springer AG is contractually entitled to reimbursement of these pension obligations or the related pension expenses by PRINOVIS, so that no constructive economic obligation exists, this liability was not recognized on the balance sheet of Axel Springer AG. However, a liability exists at the balance sheet date in the amount of these pension obligations (€31,246 thousand; PY: €34,264 thousand).

(19) Other financial commitments

In the table below, the commitments under supply agreements, rental and lease agreements are broken down by due date:

€ thousands	
Due in 2008	122,283
Due 2009 to 2012	131,147
Due after 2012	62,569

The other financial commitments, which relate among other things to capital expenditures (e.g., order commitments), amounted to €37,034 thousand. The other finan-

cial commitments to affiliated companies amounted to €12,436 thousand.

The other financial obligation from purchase price obligations for put options for remaining equity shares amounted to €58,847 thousand in 2007.

(20) Derivative financial instruments

With respect to its assets, liabilities and planned transactions, Axel Springer AG is especially exposed to risks relating to changes in interest rates, foreign exchange rates and stock market prices. The task of financial risk management is to limit these risks by means of targeted measures.

To this end, selected derivative hedging instruments are employed, depending on the assessment of the risk in question. Derivative financial instruments are used exclusively as hedging instruments; they are not used for trading or other speculative purposes.

The use of financial derivatives is governed by appropriate guidelines of the Group. These guidelines define the relevant responsibilities, permissible actions and reporting requirements and prescribe the strict separation of trading and back-office functions.

To hedge the interest rate risk, the Group employs interest rate derivatives such as interest rate swaps, collars and forward rate agreements.

The existing swap transactions match the variable loans taken out with respect to maturity and partial amounts. Under the existing swap transactions, the variable interest payments on the company's existing loans are swapped for fixed interest payments. The existing collar transactions hedge the variable interest payments within a pre-defined interest rate corridor. Hedge accounting was applied to the company's swaps and collars at the balance sheet date.

As a rule, the gains resulting from changes in the fair values of the derivatives or the gains or losses on the hedge accounting units are not recognized in income unless the positions in question are squared or settled.

The fair values of derivative financial instruments are presented in the table below:

€ thousands	12/31/2007		12/31/2006	
	Notional amount	Fair value	Notional amount	Fair value
Assets				
Interest rate derivatives				
- not related to hedges	50,000	137	0	0
- related to cash flow hedges	300,000	2,697	0	0
Total	350,000	2,834	0	0
Equity and liabilities				
Interest rate derivatives				
- related to cash flow hedges	175,000	940	0	0
Total	175,000	940	0	0

Changes in the market interest rates of financial instruments designated as hedging instruments subject to hedge accounting, used to hedge against the cash flow variability resulting from interest rate changes, are not recognized in the income statement.

The effectiveness of the hedging relationships is assessed on a regular basis.

Notes to the Income Statement

(21) Revenues

€ millions	2007	2006
Circulation revenues	869.0	880.6
Advertising revenues	687.7	710.0
Other revenues	112.4	119.5
Total	1,669.1	1,710.1

Breakdown by segments:

€ millions	2007	2006
Newspapers	1,073.7	1,092.5
Magazines	483.0	498.2
Job printing	79.4	85.9
Incidental revenues	33.0	33.5
Total	1,669.1	1,710.1

The international revenues amounted to €49.6 million (PY: €50.9 million), representing 3.0% of total revenues.

(22) Other operating income

€ thousands	2007	2006
Income from asset disposals, write-ups	515,464	31,815
Income from the reversal of provisions	29,049	18,115

The income from asset disposals and write-ups in 2007 resulted mainly from the sale of the SAT1 Beteiligungs GmbH shares to Axel Springer Verlag Beteiligungs GmbH in the amount of €470.0 million. The purchase price was determined indirectly from the sale of the ProSiebenSat.1 Media AG shares that had been held by Sat.1 Beteiligungs GmbH to Lavena Holding 5 GmbH, Munich. The purchase by Lavena Holding 5 GmbH, Munich, took effect on January 15, 2008.

The other operating income also includes the cost allocations charged to the Group companies.

A receivable from the insolvency proceeding of KirchMedia GmbH & Co KG i.L. and a creditor's composition agreement concluded in connection with the Kirch insol-

veny (see Section (8)) together produced other operating income of €12,368 thousand (PY: €24,736 thousand).

(23) Purchased goods and services

€ thousands	2007	2006
Raw materials and supplies, and purchased merchandise	227,044	228,354
Purchased services	286,269	291,144
Total	513,313	519,498

The raw materials and supplies and purchased goods related mainly to paper and ink consumption. The purchased services consisted mainly of printing services purchased from non-affiliated printers and professional fees.

(24) Personnel expenses

€ thousands	2007	2006
Wages and salaries	412,226	404,485
Social security	51,143	55,790
Pension expenses	14,743	13,983
Cost of conversion to projected unit credit method	0	74,485
Change in pension provision	- 23,888	0
Other benefit expenses	1,385	4,541
Total	455,609	553,284

The change in the pension provisions resulted mainly from the adjustment of the discount rate to 5.4% p.a. (PY: 4.5% p.a.) In the table below, the average number of employees during the year is broken down according to employee groups:

	2007	2006
Editors	1,570	1,580
Salaried employees	2,584	2,739
Wage-earning employees	988	1,058
Total	5,142	5,377

(25) Supervisory Board and Management Board

The Supervisory Board was composed of the following persons in 2007:

Supervisory Board member	Seats on other legally mandated Supervisory Boards	Seats on comparable boards in Germany and abroad
Dr. Giuseppe Vita Chairman	Deutz AG (Chairman) Hugo Boss AG (Chairman) Vattenfall Europe AG	Allianz Italy S.p.A., formerly: Riunione Adriatica di Sicurtà (RAS) S.p.A., Italy (Chairman of the Board of Directors) Humanitas S.p.A., Italy (Board of Directors) Barilla S.p.A., Italy (Board of Directors) Gruppo Banca Leonardo, Italy (since July 2007) (Chairman of the Board of Directors)
Dr. h. c. Friede Springer Vice Chairwoman Businesswoman, Berlin	Alba Berlin AG	Deutsche Bank AG (Advisory Board)
Dr. Gerhard Cromme Chairman of the Supervisory Board ThyssenKrupp AG, Düsseldorf	Allianz SE Deutsche Lufthansa AG (until June 30, 2007) E.ON AG (until June 30, 2007) Siemens AG (Chairman) ThyssenKrupp AG (Chairman)	Suez S.A., France BNP Paribas S.A., France (until June 30, 2007) Compagnie de Saint Gobain, France (until June 30, 2007)
Leonhard H. Fischer (until April 19, 2007) CEO EMEA, Credit Suisse, UK (until March 31, 2007)	AXA Konzern AG DBV Winterthur Holding AG (Chairman)	
Oliver Heine Attorney at law, Hamburg		
Klaus Krone Businessman, Berlin	Buchanan Capital Holding AG (Chairman)	Handelshochschule Leipzig GmbH (Supervisory Board) borawind AG, Switzerland (Chairman of the Board of Directors)
Prof. Dr. Wolf Lepenies University Professor, Berlin		
Michael Lewis (since April 19, 2007) Investment Manager		Oceana Retail Holdings Limited, UK (Chief Executive) Oceana Investment Corporation Limited, UK (Executive) TriAlpha Oceana Concentrated Opportunities Fund Limited, Channel Islands (since February 16, 2007) (Non-Executive) Cheyne Capital Management Limited, UK (Non-Executive) Britain Israel Communications & Research Centre, UK (Chairman of the Board) The Trialogue Educational Trust, UK (Non-Executive) Foschini Limited, South Africa (Non-Executive) Strandbags Group (Pty) Limited, Australia (Non-Executive) ProChon Biotech Limited, Israel (Non-Executive)
Dr. Michael Otto Chairman of the Supervisory Board of Otto (GmbH & Co KG), Hamburg	Chairman of the Supervisory Board of Otto (GmbH & Co)	FORUM Grundstücksgesellschaft mbH (Chairman of the Advisory Board)
Brian M. Powers CEO of investment group Hellman & Friedman LLC, USA		Artisan Partners Limited Partnership, USA (Advisory Board)

As a result of the consolidated net loss, the compensation of the members of the Supervisory Board amounted to €2,000 thousand, in accordance with Article 16 Para. 1 of the Articles of Incorporation. Prof. Dr. Lepenies received author's fees of €125 thousand from Axel Springer AG in 2007.

The Management Board was composed of the following persons in 2007:

Management Board member	Seats on other legally mandated Supervisory Boards	Seats on comparable boards in Germany and abroad
Dr. Mathias Döpfner, Board Chairman Head of Newspapers Division (until December 2007) Head of WELT Group/Regional Newspapers and International (from December 2007) Journalist	ProSiebenSat.1 Media AG (until January 15, 2008)	dpa Deutsche Presse Agentur GmbH (Supervisory Board) Leipziger Verlags- und Druckereigesellschaft mbH & Co. KG (Advisory Board) Axel Springer Digital TV GmbH (Supervisory Board) B.Z. Ullstein GmbH (Supervisory Board) Time Warner Inc., USA (Board of Directors) Dogan Yayin Holding A.A.S., Turkey (March to December 2007)
Rudolf Knepper, Vice Chairman and Head of Printing and Logistics Master's degree in engineering and master's degree in business/engineering		PIN Group AG, Luxembourg (member of the Board of Directors until December 19, 2007) PRINOVIS Ltd., UK (Member of the Board)
Steffen Naumann Head of Finance and Services Master's degree in business administration and master's degree in economics	Odeon Film AG (Chairman of Supervisory Board)	esmt European School of Management and Technology GmbH, Berlin (Supervisory Board) Axel Springer International Finance B.V., Netherlands (Supervisory Board) PIN Group AG, Luxembourg (member of the Board of Directors from September 10, 2007 to December 19, 2007)
Dr. Andreas Wiele Head of Magazines and International (until December 2007) Head of BILD Group and Magazines (from December 2007) Lawyer	Bild.T-Online.de Verwaltungs AG ZANOX.de AG	Jahr Top Special Verlag GmbH & Co. KG (Advisory Board) Axel Springer Digital TV GmbH (Supervisory Board) Handelszeitung und Finanzrundschau AG, Switzerland (Board of Directors) Axel Springer Praha a.s., Czech Republic (Supervisory Board) Axel Springer Schweiz AG, Switzerland (Chairman of the Board of Directors) auFeminin.com S.A., France (Supervisory Board)

In 2007, the fixed compensation of the members of the Management Board of Axel Springer AG amounted to €9,354 thousand. The fixed compensation for fiscal year 2007 also contained non-recurring payments for security measures in the amount of €1,005 thousand. The total variable compensation amounted to €5,688 thousand. The variable compensation is geared to results, including the performance of the individual and the success of the Group, which is measured on the basis of EBITA. By virtue of the authorization granted by the annual share-

holders' meeting, the company has opted not to disclose the individual compensation granted to each member of the Management Board, in accordance with Section 285 (9) HGB. The omission of these disclosures according to Section 286 (5) HGB was approved for the fiscal years 2006 to 2010 by resolution of the annual shareholders' meeting of April 27, 2006.

In 2004, the Management Board of Axel Springer AG purchased 62,300 shares für €3,382 thousand in connection with the Management Participation Plan. Concurrently with this investment, the Management Board was granted an option to purchase eight additional shares for each share purchased.

The value of the Management Participation Plan was measured by application of a recognized option price model. Based on this model, the imputed compensation component for 2007 amounted to €969 thousand, which is not contained in the above-mentioned Management Board compensation. By using treasury shares or exercising the H & F call options (see Section (2)), it is possible to execute the entire Management Participation Plan in a way that does not affect the net income of Axel Springer AG.

An amount of €2,039 thousand was paid to former Management Board members and their survivors and an amount of €27 thousand was paid to former special directors. A total amount of €26,514 thousand was appropriated to the provisions for pension obligations towards former Management Board members and their survivors and an amount of €236 thousand was set aside for pension obligations towards former special directors.

(26) Amortization, depreciation and impairments

The impairment losses contained in the item of amortization, depreciation and impairments and recognized in accordance with Section 253 (2) HGB amounted to €153 thousand.

(27) Other operating expenses

These expenses consisted mainly of postal and shipping costs, advertising costs, commissions, purchased services, maintenance and repairs, rental and lease expenses, travel expenses, incidental expenses and valuation allowances for receivables. They also include expenses for services rendered by Group companies. The change from the previous year resulted mainly from valuation allowances on receivables from loans and trade receivables due from companies of the PIN Group AG sub-group in the amount of €68,690 thousand.

The following professional fees were recognized as expenses for the auditing services provided to Axel Springer AG by the independent auditor Ernst & Young AG (PY: PricewaterhouseCoopers AG):

€ thousands	2007	2006
Audit of the annual financial statements	300	423
Other certification or appraisal services	219	959
Tax advisory services	29	106
Other services	166	390
Total	714	1,878

The professional fees for the audit of annual financial statements related to the audit of the annual financial statements of Axel Springer AG and the consolidated financial statements of the Group. The other expert opinions and appraisals related to the auditor's review of the interim financial statements and the review of compliance with certain contractual agreements. The tax advisory fees were mainly for the support provided in the matter of specific tax questions related to newly acquired Group companies. The other services consisted mainly of professional fees for due diligence services. The prior-year figures refer to the professional fees charged by the former independent auditor Pricewaterhouse Coopers for services rendered in 2006.

(28) Income from investments

This item contains income from profit transfer agreements in the amount of €14,957 thousand (PY: €17,900 thousand). The income from affiliated companies amounted to €44,181 thousand (PY: €29,697 thousand).

(29) Net interest income/expenses

€ thousands	2007	2006
Income from lending of non-current financial assets	3,854	4415
	(3,761) [*]	(1,494) [*]
Other interest and similar income	23,469	34,908
	(14,256) [*]	(3,169) [*]
Interest and similar expenses	-35,923	-32,805
	(-14,276) [*]	(-19,117) [*]
Total	-8,600	6,518

(^{*}) thereof from/to affiliated companies

In 2006, the other interest and similar income were affected in particular by the income from the liquidation of an interest rate swap in the amount of €15,500 thousand.

(30) Impairment losses in non-current financial assets

The impairment losses of €548,780 thousand recognized in accordance with Section 253 (2) HGB, which are contained in the impairment losses in non-current financial assets, were charged against the carrying amount of the company's investment in PIN Group AG and against the loans extended to PIN Group AG.

(31) Loss absorption expenses

The loss absorption expenses of Axel Springer AG incurred in connection with profit/loss transfer agreements amounted to €47,330 thousand (PY: €10,815 thousand).

(32) Taxes

€ thousands	2007	2006
Income taxes	65,819	81,843
Other taxes	2,173	2,015
Total	67,992	83,858

The income taxes in 207 were positively affected by the different tax bases recognized in accordance with German commercial law and by tax exemptions.

Other disclosures**(33) Declaration of Conformity with the German Corporate Governance Code**

Since 2006, Axel Springer AG has published the Declaration of Conformity with the German Corporate Governance Code issued by the Management Board and Supervisory Board in accordance with Section 161 of the German Stock Corporations Act (AktG) on the company's web site under > InvestorRelations > Corporate Governance. The Declaration of Conformity is also printed in the Annual Report.

(34) Disclosures concerning securities transactions or investments subject to the notification requirement pursuant to Section 15a WpHG and Sections 21 ff WpHG

H&F Rose Partners, L.P., H&F Rose Investors Ltd., HFCP IV (Bermuda), L.P., H&F Investors IV (Bermuda), L.P. and H&F Corporate Investors IV (Bermuda) Ltd., all with their head offices in Hamilton, Bermuda, made the following notifications to Axel Springer AG pursuant to Sections 21 (1), 22 (1) (1) WpHG in January 2007:

1. On December 11, 2006, the shareholding of H&F Rose Partners L.P. fell below the threshold limit of 10% of the voting rights in Axel Springer AG, with its head office in Berlin, in accordance with Section 21 (1) WpHG. Since that time, H&F Rose Partners L.P. has held a voting rights share of 7.57%.
2. On December 11, 2006, the shareholding of H&F Rose Investors Ltd. fell below the threshold limit of 10% of the voting rights in Axel Springer AG, with its head office in Berlin, in accordance with Sections 21 (1), 22 (1) (1) (1) WpHG. Since that time, H&F Rose Investors Ltd. has held a voting rights share of 7.57%. These voting rights are attributable in full to H&F Rose Investors Ltd. in accordance with Section 22 (1) (1) (1) WpHG.

3. On December 11, 2006, the shareholding of HFCP IV (Bermuda), L.P. fell below the threshold limit of 10% of the voting rights in Axel Springer AG, with its head office in Berlin, in accordance with Sections 21 (1), 22 (1) (1) (1) WpHG. Since that time, HFCP IV (Bermuda), L.P. has held a voting rights share of 7.57%. These voting rights are attributable in full to HFCP IV (Bermuda), L.P. in accordance with Section 22 (1) (1) (1) WpHG.

4. On December 11, 2006, the shareholding of H&F Investors IV (Bermuda), L.P. fell below the threshold limit of 10% of the voting rights in Axel Springer AG, with its head office in Berlin, in accordance with Sections 21 (1), 22 (1) (1) (1) WpHG. Since that time, H&F Investors IV (Bermuda), L.P. has held a voting rights share of 9.40%. These voting rights are attributable in full to H&F Investors IV (Bermuda), L.P. in accordance with Section 22 (1) (1) (1) WpHG.

5. On December 11, 2006, the shareholding of H&F Corporate Investors IV (Bermuda) Ltd. fell below the threshold limit of 10% of the voting rights in Axel Springer AG, with its head office in Berlin, in accordance with Sections 21 (1), 22 (1) (1) (1) WpHG. Since that time, H&F Corporate Investors IV (Bermuda) Ltd. has held a voting rights share of 9.40%. These voting rights are attributable in full to H&F Corporate Investors IV (Bermuda) Ltd. in accordance with Section 22 (1) (1) (1) WpHG.

On October 30, 2007, Axel Springer AG reported, in accordance with Section 26 (1) (2) in conjunction with Sec-

tion 21 (1) (1) WpHG, the purchase of treasury shares. Together with the treasury shares that had already been held by Axel Springer AG, the percentage of share capital and voting rights held by Axel Springer AG reached the level of 10.00% on October 29, 2007.

On November 30, 2007, Axel Springer AG reported, in accordance with Section 26 (1) (2) WpHG in conjunction with Section 21 (1) (1) WpHG, that it had retired treasury shares representing 3.00% of the share capital on November 29, 2007. At the same time, the share capital of the company was reduced from €102,000,000 to €98,940,000. As a result of the capital reduction, Axel Springer AG has held 2,380,000 registered shares representing about 7.22% of the share capital after the retirement of treasury shares and of the voting rights of the company since November 29, 2007. Axel Springer AG is not allowed to exercise the voting rights of the treasury shares.

On November 30, 2007, the company also reported, in accordance with Section 26a WpHG in conjunction with Section 26 (1) WpHG, that the total number of voting rights at the end of November 2007 was now 32,980,000, due to the retirement of 1,020,000 registered shares. The change in the total number of voting rights took effect on November 29, 2007.

Disclosures regarding securities transactions subject to the notification requirement pursuant to Section 15a WpHG:

Persons exercising managerial duties or legal persons closely related to persons exercising managerial duties	Date	Transaction	Number	Price in €
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	06/29/2007	Purchase	500	122.00
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/02/2007	Purchase	4,000	124.36
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/03/2007	Purchase	5,300	126.67
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/04/2007	Purchase	5,000	129.98
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/09/2007	Purchase	14,000	134.32
Dr. Giuseppe Vita	07/09/2007	Purchase	3,500	134.42
Dr. Giuseppe Vita	07/10/2007	Purchase	1,500	134.00
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/10/2007	Purchase	20,510	134.00
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/11/2007	Purchase	9,532	133.99
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/12/2007	Purchase	2,768	133.48
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/13/2007	Purchase	12,220	133.98
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	07/16/2007	Purchase	350	134.00
Oliver Heine	07/23/2007	Purchase	2,000	126.00
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	08/08/2007	Purchase	356	126.60
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	08/09/2007	Purchase	16,761	126.41
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	08/10/2007	Purchase	2,235	125.00
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	09/11/2007	Purchase	886	126.00
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	09/12/2007	Purchase	743	125.96
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	09/13/2007	Purchase	2,321	126.00
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	10/12/2007	Purchase	4,150	119.75
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	12/21/2007	Purchase	1,913	98.08
Dr. h.c. Friede Springer	01/25/2008	Purchase	23,626	71.74
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	01/28/2008	Purchase	4,123	75.40
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	01/29/2008	Purchase	8,635	77.48
Dr. h.c. Friede Springer	01/29/2008	Purchase	39,022	75.16
TriAlpha Oceana Concentrated Opportunities Fund Ltd.	02/01/2008	Purchase	15,000	80.38
Dr. h.c. Friede Springer	02/08/2008	Purchase	50,603	79.94

No further notifications were received by the company.

(35) Other events

On November 30, 2007, Axel Springer AG entered into a limited partnership interest and share purchase agreement with Deutsche Telekom AG, for the acquisition of the minority interests in Bild.T-Online.de AG & Co. KG (the name of which has since been changed to BILD digital GmbH & Co. KG) and Bild.T-Online.de Verwaltungs AG (the name of which has since been changed to BILD digital Verwaltungs GmbH. Due to various conditions precedent, the agreement was finalized on January 3, 2008. The purchase price was €55,000 thousand.

On January 25, 2008, PIN Group AG, Luxembourg, the parent company of the PIN sub-group, filed an application for insolvency proceedings. Applications for insolvency proceedings were likewise filed for another 37 subsidiaries. The provisional insolvency administrator for PIN Group AG was appointed on February 15, 2008. The carrying amount of the investment in PIN Group AG and the non-current loans and other receivables due from PIN Group AG were completely written off already at December 31, 2007.

With effect at the end of 2008, PRINOVIS Ltd. & Co. KG, Hamburg plans to close its printing plant in Darmstadt. Axel Springer AG holds 25.1% of the shares in this Joint Venture. No permanent impairment of this investment was found to exist.

Dividend proposal and declaration of the legal representatives

Dividend Proposal

The annual financial statements of Axel Springer AG for fiscal year 2007 show an unappropriated net profit of

€131,920,000.

The Management Board proposes that from the unappropriated net profit of €131,920,000, an amount of €122,400,000 be used to distribute a dividend of €4.00 per qualifying share for fiscal year 2007 and that the remaining amount of €9,520,000 be appropriated to the other retained earnings reserves.

The proposed utilization of the unappropriated net profit takes account of the treasury shares held by the company (currently 2,380,000 shares), which do not qualify for dividends. The number of shares qualifying for dividends can decrease or increase in the time remaining until the annual shareholders' meeting, if additional shares would be purchased or sold. In this case, an appropriately adjusted proposal for the utilization of the unappropriated net profit will be submitted to the annual shareholders' meeting, without changing the proposed distribution of €4.00 per qualifying share.

Declaration of the legal representatives

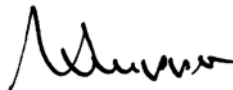
To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the group management report, which is combined with the management report of the company, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Berlin, March 3, 2008

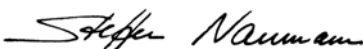
Axel Springer AG



(Dr. Mathias Döpfner)



(Rudolf Knepper)



(Steffen Naumann)



(Dr. Andreas Wiele)

Statement of Non-Current Assets *of Axel Springer AG*

	Acquisition or Production Cost			
	1/1/2007	Additions	Disposals	Transfers
	€	€	€	€
Rights and licenses	65,415,966	4,900,768	2,082,238	1,680,535
Advance payments made	4,385,799	7,825,574	179,292	- 2,321,840
Intangible assets	69,801,765	12,726,342	2,261,530	- 641,305
Land, leasehold rights and buildings, including buildings on non-owned land	498,162,928	421,005	990,452	0
Technical equipment, plant and machinery	524,772,387	2,812,566	1,737,974	816,711
Other equipment, operational and office equipment	108,168,855	6,241,911	4,663,215	41,028
Advance payments made and construction in progress	1,914,745	4,215,088	0	- 216,434
Property, plant and equipment	1,133,018,915	13,690,570	7,391,641	641,305
Shares in affiliated companies	480,364,590	936,834,282	551,597,022	27,174,693
Loans to affiliated companies	27,763,283	180,232,989	19,272,416	0
Investments	236,010,064	9,393,298	46,003,223	- 27,174,693
Loans to companies in which an equity investment is held	4,359,683	0	4,109,150	0
Other loans	1,736,835	184,520	420,450	0
Non-current financial assets	750,234,455	1,126,645,089	621,402,261	0
Non-current assets of Axel Springer AG	1,953,055,135	1,153,062,001	631,055,432	0

Write-ups €	Depreciation, amortization and impairments		12/31/2007	12/31/2006
	Accumulated €	fiscal year €	€	€ thousands
0	49,392,983	6,843,326	20,522,048	21,421
0	0	0	9,710,241	4,386
0	49,392,983	6,843,326	30,232,289	25,807
0	312,358,593	8,255,662	185,234,888	193,311
0	470,979,562	31,639,631	55,684,128	83,899
0	90,325,989	7,563,159	19,462,590	20,993
0	621,541	0	5,291,858	1,293
0	874,285,685	47,458,452	265,673,464	299,496
38,239,280	102,408,517	533,810,038	828,607,306	367,582
4,106,966	9,594,354	15,000,000	183,236,468	16,318
0	21,544,392	0	150,681,054	214,466
0	0	0	250,533	4,360
0	14,462	0	1,486,443	1,722
42,346,246	133,561,725	548,810,038	1,164,261,804	604,448
42,346,246	1,057,240,393	603,111,816	1,460,167,557	929,751