

Financial Statements

Axel Springer AG
for the period ending
December 31, 2005

Balance Sheet

as of December 31, 2005

ASSETS	Appendix no.	€	€	Previous year € thousands
A. Fixed assets	4			
I. Intangible assets	5	27,505,884		34,070
II. Fixed assets		340,049,275		487,139
III. Financial assets	6	503,672,606	871,227,765	484,789
B. Current assets				
I. Inventories	7	40,884,109		40,956
II. Receivables and other assets	8	269,274,911		290,806
III. Securities	9	246,263,251		196,203
IV. Liquid assets	10	489,773,778	1,046,196,049	407,926
C. Accrued and deferred items	11		2,676,663	2,852
			1,920,100,477	1,944,741

LIABILITIES				
	Appendix no.	€	€	Previous year € thousands
A. Equity				
I. Capital stock	12	102,000,000		102,000
II. Revenue reserves	13	486,689,770		399,172
III. Net profit		71,585,647	660,275,417	60,393
B. Accruals	14		508,259,000	560,708
C. Liabilities	15		708,332,623	781,210
D. Accrued and deferred items	16		43,233,437	41,258
			1,920,100,477	1,944,741

Income Statement for the period

January 1 to December 31, 2005

GUV	Appendix no.	€	Previous year € thousands
1. Net sales	19	1,697,188,251	1,804,273
2. Change in stock of products and production work in progress		- 845,821	137
3. Other operating income	20	219,274,234	218,181
4. Purchased goods and services	21	- 523,717,555	- 521,459
5. Gross earnings		1,391,899,109	1,501,132
6. Personnel expenses	22	- 465,699,839	- 568,562
7. Writedowns of intangible assets of long-term assets and fixed assets	24	- 98,393,236	- 112,089
8. Other operating expenses	25	- 628,169,803	- 573,343
9. Income from investments	26	103,103,833	85,541
10. Net income profit/loss	27	- 27,872,453	- 26,209
11. Writedowns of financial assets and marketable securities	24	- 10,195,148	- 51,693
12. Expenses from transfer of losses	28	- 13,510,585	- 24,176
13. Profit/loss from ordinary operations		251,161,878	230,601
14. Taxes	29	- 107,990,585	- 109,816
15. Net income for the year		143,171,293	120,785
16. Allocation from appropriation for own stock		0	3,383
17. Transfer to other revenue reserves		- 71,585,646	- 63,775
18. Net profit		71,585,647	60,393

Appendix Axel Springer AG

General Information

Foreword

In the fulfillment of its obligation, Axel Springer AG consolidated its financial statement in accordance with the International Financial Reporting Standards (IFRS). This statement has been submitted to the commercial register of the Berlin-Charlottenburg municipal court under commercial register number 4998.

Individual items of the Axel Springer AG balance sheet and profit and loss statement are compiled and specially laid out in appendices for better clarity. As with last year, the profit and loss statement follows the total expenditure format.

Balancing and Valuation Principles

The balancing and valuation methods for Axel Springer AG remain the same as in 2004.

Using the balancing measures specified as per § 285 No. 5 German Commercial Code, Axel Springer AG's "net income for the year" has fallen by about 13.8% or EUR 19.7 million. In subsequent years, minor depreciations will lead to higher tax charges.

The following is to be observed when assessing individual balance sheet items:

"Intangible assets" and "fixed assets" are to be assessed at acquisition or manufacturing cost. "Intangible assets" are depreciated according to plan based on the expected or stipulated life expectancy. "Fixed assets" are depreciated according to plan based on the useful life expectancy and applicable tax laws. In doing so, the degressive depreciation method will be employed with later changeover to the linear method. Low-value assets will be fully depreciated in the year of acquisition.

"Financial assets" are to be assessed at acquisition cost or at the lower attributed value.

Current assets are assessed at acquisition or manufacturing cost following the lower value principle.

In addition to material and production costs per piece, manufacturing costs include to a reasonable extent parts of total costs and depreciation that are to be capitalized.

When assessing "receivables from goods and services" identifiable risks are taken into consideration through individual value adjustments to the par value. Value adjustments for general risks are handled as a lump sum.

"Pension provisions" are determined via actuarial principles.

Other provisions are applied at the amount indicated by reasonable, commercial assessment. Liabilities are assessed as redemption amount.

Axel Springer AG employs derivative financial instruments as a means of safeguarding against interest and exchange rate fluctuations. Derivative interest rate contracts in the form of interest rate swaps and forward rate agreements are employed in order to reduce the risk of interest rate changes. Security for the potential interest rate risk as regards syndicated credit line for the planned acquisition of ProSiebenSat.1 is handled through partial payments with Contingent Payer Swaps. The market value of interest guarantee instruments totaled EUR 14.4 million as of closing day. Security for the exchange rate risk stemming from international business is handled through the implementation of forward exchange operations. There were no foreign exchange guarantees as of closing day.

In addition to Hellman & Friedman Rose Partners L.P. and Hellman & Friedman International Rose Partners L.P., call options are included in the shares of Axel Springer AG. The exercisability of options is under the condition that the board of directors exercises options within the framework of the management shareholding program. Axel Springer AG retains the right to acquire one share of H&F for each share distributed via the shareholding program. The current value of options, as determined via an option price model, is EUR 31.4 million.

Currency conversion

Receivables and liabilities in foreign currencies that have a maturity of up to one year are to be converted on closing day using the foreign exchange reference rate of the ECB or the year-end exchange rate. Receivables and liabilities in foreign currencies that have a maturity of more than one year are converted using the average exchange rate on the booking date or the lower or higher foreign exchange reference rate of the ECB or the year-end exchange rate on closing day.

NOTES TO THE BALANCE SHEET

Up until January 1, 2005 Axel Springer AG outsourced its rotogravure activities to PRINOVIS Ahrensburg GmbH & Co. KG. These activities are now handled by PRINOVIS Ltd. & Co. KG, which is a joint undertaking founded by Axel Springer, Arvato and Gruner + Jahr. The rotogravure activities are still included in comparison figures 2004, the balance sheet and the income statement.

Fixed assets

The development of individual items of assets over the fiscal year is depicted in the assets analysis.

Intangible assets

Intangible assets are primarily made up of title, publishing and supply rights; licenses and EDP software.

Financial assets

The itemization of Axel Springer AG's equity holding has been submitted to the commercial register of the Berlin-Charlottenburg municipal court in accordance with § 287 of the German Commercial Code.

Inventories

EUR thousands	2005	2004
Raw materials, operating supplies and purchased goods	37,831	35,001
Work in progress, services in progress	2,732	5,768
Finished products and goods	321	187
Total	40,884	40,956

The largest items under "Raw materials, operating supplies and purchased goods" are paper assets at EUR 29.5 million.

Receivables and other assets

EUR thousands	2005	2004
Receivables from goods and services	114,146	138,269
	(35)*	(54)*
Receivables against affiliated companies	63,780	73,100
	(0)*	(0)*
Receivables against companies in which there is a financial investment	46,638	40,528
	(0)*	(0)*
Other assets	44,711	38,909
	(0)*	(675)*
Total	269,275	290,806
	(35)*	(729)*

(*) with maturity of more than one year

"Receivables from goods and services" are primarily made up of the distribution company at EUR 52.3 million and advertising agency at EUR 50.1 million.

In addition to receivables to tax offices and a purchase price receivable from property amortization due after closing day, there are a number of minor individual items.

Securities

EUR thousands	2005	2004
Treasury stock	181,203	181,203
Other securities	65,060	15,000
Total	246,263	196,203

Based on authorization issued at the annual general meeting of April 16, 2003, a total of 3,400 thousand shares of treasury stock were repurchased in November 2003 at a rate of EUR 54.00 and resulted in directly attributed costs. Of such, 62,300 shares were realized within the framework and at the terms of the management shareholding program laid out at the annual general meeting of April 14, 2004 on August 16, 2004 at a purchase price of EUR 54.00 per share plus 2% interest p.a. from July 1, 2004 to members of the board of directors. On closing day, the amount of treasury stock (3,337,700 shares) remained the same as the previous year. This corresponds to EUR 10,013,100 (rd. 9.82%) subscribed capital holdings.

Within the framework of the purchase of 62,300 shares in 2004, for each share purchased, members of the board of directors were granted 8 additional options for the purchase of shares of Axel Springer AG. These options entitle the bearer to purchase up to 498,400 shares at a price of EUR 54.00 plus 2% interest from July 1,

2004. If, however, certain EBITA limits are not reached in fiscal year 2007, the number of options that can be exercised by the board of directors will be reduced by 10% or 50%. The options can be exercised 5 years after their award within a time period of 24 months. Early exercise (no sooner than after 2 years) is contingent upon a majority sale of the shares of Axel Springer AG held by Hellman & Friedman Rose Partners L.P. and Hellman & Friedman International Rose Partners L.P. as well as their affiliated companies.

Liquid assets

EUR thousands	2005	2004
Cash	167	194
Credit at credit institutions	487,602	405,914
Checks	2,005	1,818
Total	489,774	407,926

Accrued and deferred items

Balance sheet items include accrued expenses for rent paid in advance and for related services.

Capital stock

The capital stock of EUR 102,000 thousand is fully paid and remains unchanged from last year. It is divided into 34,000 thousand registered individual share certificates that cannot be transferred without the approval of the organization.

As shareholder with more than 50%, Axel Springer Gesellschaft für Publizistik GmbH & Co, Berlin, was listed with 50% + 10 shares on closing day.

Mrs. Dr. h.c. Friede Springer holds 90% of shares in Axel Springer Gesellschaft für Publizistik GmbH & Co, Berlin and was listed directly in the share register of Axel Springer AG with 10.0% on closing day.

Revenue reserves

EUR thousands	2005	2004
Restricted reserve	10,200	10,200
Reserve for capital stock	181,203	181,203
Other reserves	295,287	207,769
Total	486,690	399,172

In accordance with § 272 Paragraph 4 of the German Commercial Code, a reserve for capital stock that was equal to acquisition costs was established in 2003. This was reduced in 2004 to correspond with capital stock. Due to exchange rate trends, no adjustment of the reserve was necessary as of closing day.

“Other reserves” have developed as follows:

EUR thousands	
As of 1/1/2005	207,769
Allocation from retained earnings 2004	15,932
Allocation net income for the year	71,586
As of 12/31/2005	295,287

Provisions

EUR thousands	2005	2004
Provisions for pensions and similar obligations	209,647	243,037
Provisions for taxation	87,216	113,499
Other provisions	211,396	204,172
Total	508,259	560,708

“Pension provisions” include the obligations from individually contracted obligations and operating agreements. In addition, since 2004 employees have had the opportunity to make contributions to an occupational pension plan (Axel Springer Vario Rente) in the framework of sacrificed compensation. When calculating the current value of pension obligations, a discounted rate of 6% was employed when using actuarial tables 2005 G of Dr. Klaus Heubeck.

“Provisions for taxation” are primarily provisions for tax on profits.

The primary items of “Other reserves” are:

EUR thousands	2005	2004
Partial retirement	33,362	39,316
Emoluments	27,088	26,198
Legal expenses	24,422	16,120
Pending losses	19,282	5,399
Structural measures	18,833	28,149
Outstanding supplier invoices	17,259	16,679
Returns, discount and bonus certificates	14,936	15,224
Vacation entitlement	10,170	12,678

“Other reserves” also include sums for compensation claims for sales agents, workmen’s compensation and obligations to reverse

constructional changes as well as anniversary-related costs and loyalty funds.

Liabilities

EUR thousands	2005	2004
Liabilities to credit institutions	166,239	176,579
	(110,399)*	(10,340)*
Deposits received for orders	4,355	879
	(4,355)*	(879)*
Liabilities from goods and services	94,992	92,271
	(94,992)*	(92,270)*
Liabilities to affiliated companies	351,390	385,891
	(351,390)*	(385,891)*
Liabilities to companies in which there is a financial investment	25,281	12,250
	(25,281)*	(12,250)*
Other liabilities	66,076	113,340
	(55,937)*	(91,421)*
of which are taxes	10,577	44,606
of which deal with social security	8,873	11,628
Total	708,333	781,210
	(642,354)*	(593,051)*

(*) with maturity up to one year

Liabilities with a maturity of more than five years are listed under "Liabilities to credit institutions" in the amount of EUR 18,047 thousand.

The total amount of liabilities secured through liens of property amount to EUR 68,239 thousand for the reporting year. Of "Liabilities to credit institutions" EUR 66,239 thousand is secured through liens on property. Of "Other liabilities" EUR 2,000 thousand is secured through liens on property.

Accrued and deferred items

"Accrued and deferred items" are primarily made up of subscription prepayments, limited investment allowances and compensation fees rendered by sales agents.

Contingent liabilities

Contingent liabilities consist of warranty agreements in the amount of EUR 39,439 thousand (previous year, EUR 10,500 thousand) as well as sureties in the amount of EUR 23,828 thousand (previous year EUR 24,391 thousand).

Contingent liabilities for warranty agreements included letters of patronage in the amount of EUR 12,800 thousand (previous year

EUR 10,500 thousand). In addition, within the framework of the contribution of rotogravure activities of Axel Springer AG in PRINOVIS Ltd. & Co. KG in the reporting year there was a stipulation of a transfer of the anticipated pension liabilities of this operation. As of closing day, there has not yet been entry into the commercial register, which is necessary for effective transfer of current pension liabilities and for liabilities as regards non-lapsable entitlements for retired former employees. As contractual stipulations entitle Axel Springer AG to offset of these pension liabilities or accruing pension disbursements in this context on the part of PRINOVIS and there is thereby no financial liability, this fixed asset has not been balanced by Axel Springer AG. As of closing day, there is a liability value in the amount of these pension obligations (EUR 26,639 thousand).

Other financial liabilities

The maturity of liabilities for supplier, leasing and tenancy contracts is as follows:

EUR thousands	
Due 2006	153.229
Due 2007 to 2010	386.154
Due after 2010	137.116

Other financial liabilities, including those stemming from investment (e.g. purchase commitments) total EUR 44,143 thousand. Other financial liabilities to affiliated companies total EUR 5,421 thousand.

NOTES TO THE INCOME STATEMENT

Net sales

Arranged by classification:

EUR millions	2005	2004
Distribution	884.6	888.6
Advertising	699.1	680.8
Other	113.5	234.9
Total	1,697.2	1,804.3

Arranged by area:

EUR millions	2005	2004
Magazines	1,093.4	1,083.1
Newspapers	490.3	486.3
Fashion design printing	87.6	211.3
Associated revenue	25.9	23.6
Total	1,697.2	1,804.3

Foreign “net sales” account for EUR 51.0 million (previous year EUR 91.3 million). This corresponds to 3.0% of total revenue.

Other operating income

EUR thousands	2005	2004
Proceeds from asset disposal, writeups	49,201	12,180
Proceeds from liquidation of provisions	14,295	21,456
Proceeds from liquidation of untaxed special reserve	34,629	27,535

Income from liquidation of special items with reserve funds is at the same amount as depreciation.

Other operating income also includes charges for services passed on to allied companies.

Last year, Axel Springer AG, Taurus TV GmbH i.I., KirchMedia GmbH & Co. KGaA i.I. and other parties reached a settlement in resolution of the legal dispute between the parties relative to the put option claim of Axel Springer AG for the shares held by Axel Springer AG in ProSiebenSat.1 Media AG and ISPR Internationale Sportrechte-Verwertungsgesellschaft mbH. This settlement agreement entered into in 2004 is listed by Axel Springer AG as other operating expenses in the amount of EUR 55,551 thousand.

Purchased goods and services

EUR thousands	2005	2004
Raw materials, operating supplies and purchased goods	228,650	284,605
Purchased services	295,068	236,854
Total	523,718	521,459

“Raw materials, operating supplies and purchased goods” are primarily made up of paper and ink consumption.

“Purchased services” are primarily third-party printer services and professional fees.

Personnel expenses

EUR thousands	2005	2004
Salaries and wages	393,058	474,211
Payroll deductions	55,353	71,049
Pension expenses	15,500	19,658
Support expenses	1,789	3,644
Total	465,700	568,562

A breakdown of average number of employees per occupational group per year is as follows:

	2005	2004
Editors	1,585	1,579
Salaried employees	2,821	3,130
Wage-earning employees	1,121	1,992
Total	5,527	6,701

Supervisory Board and Steering Committee

The Supervisory Board for 2005 was made up of the following members:

Board member	Membership in other supervisory boards	Membership in comparable domestic and foreign control committees
Dr. Giuseppe Vita Chairman Chairman of Supervisory Board Schering AG, Berlin	Allianz Lebensversicherungs-AG Hugo Boss AG (Chairman) Medical Park AG (until 12/31/2005) Schering AG (Chairman) Vattenfall Europe AG	Riunione Adriatica di Sicurtà (RAS) S.p.A., Italy (Chairman of administrative board) Techosp S.p.A., Italy Marzotto S.p.A., Italy Barilla S.p.A., Italy
Dr. h. c. Friede Springer Vice Chairwoman Businesswoman, Berlin	Alba Berlin AG	
Dr. Gerhard Cromme Chairman of the Supervisory Board of ThyssenKrupp AG, Düsseldorf	Allianz AG Deutsche Lufthansa AG E.ON AG Hochtief AG Siemens AG ThyssenKrupp AG (Chairman) Volkswagen AG	Suez S.A., France BNP Paribas S.A., France Compagnie de Saint-Gobain, France
Leonhard H. Fischer Member of the Management Board of Crédit Suisse Group, Switzerland, and CEO of Winterthur Group	DBV Winterthur Holding AG (Chairman)	
Oliver Heine Attorney, Hamburg (since 4/20/2005)		
Klaus Krone Businessman, Berlin	Buchanan Capital Holding AG (since 8/26/2005) (Chairman of Supervisory Board) Member of Handelshochschule Leipzig Super visory Board (since 11/15/2005)	
Prof. Dr. Wolf Lepenies University Professor, Berlin		
Dr. Michael Otto CEO Otto (GmbH & Co.), Hamburg	Gerling-Konzern Versicherungs- Beteiligungsgesellschaft-AG Schwab Versand GmbH (Chairman)	FORUM Grundstücksgesellschaft mbH Handelsgesellschaft Heinrich Heine GmbH (Chairman of Advisory Board) 3 Suisses International S.A., France Crate & Barrel Holdings, Inc., USA (Board Chairman) Euromarket Designs, Inc., USA (Board Chairman) Freemans plc, Great Britain (Board Chairman) Grattan plc, Great Britain (Board Chairman) Robert Bosch, Industrietreuhand KG, Stuttgart (Gesellschafter)
Brian M. Powers CEO of investment group Hellman & Friedman LLC, San Francisco, California, USA	ProSiebenSat.1 Media AG	SLEC Holdings Limited, Great Britain Bambino Holdings Limited, Great Britain
Axel Sven Springer Journalist, Hamburg (until 4/20/2005)		

Emoluments to members of the board of directors amount to EUR 2,248 thousand for the reporting year, of which EUR 800 thousand are fixed and EUR 1,448 thousand are variable emoluments. Prof. Dr. Lepenies received royalties from Axel Springer AG in the amount of EUR 125 thousand for the reporting year.

The boards for fiscal year 2005 were made up of the following members:

Board member	Membership in other supervisory boards	Membership in comparable domestic and foreign control committees
Dr. Mathias Döpfner Chairman Newspapers Board Journalist	Bayerische Hypo- und Vereinsbank AG (until 11/28/2005) ProSiebenSat.1 Media AG Schering AG	dpa Deutsche Presse Agentur GmbH (Supervisory Board) AKTUELL Presse-Fernsehen GmbH & Co. KG (until 11/30/2005) Leipziger Verlags- und Druckereigesellschaft mbH & Co. KG (Advisory Board)
Rudolf Knepper Vice Chairman Technology and Logistics Board Master's degree in engineering and industrial engineering		PRINOVIS Ltd., Great Britain (Board Member) (since 05/10/2005) PIN Group AG, Luxembourg (Administrative Board) (since 10/12/2005)
Steffen Naumann Financing and Service Board Master's degree in business administration and economics		Axel Springer International Finance B.V., Netherlands (Supervisory Board)
Dr. Andreas Wiele Magazines and International Board Attorney		Jahr Top Special Verlag GmbH & Co. KG (Advisory Board) Axel Springer Praha a.s., Czech Republic (Supervisory Board) Handelszeitung und Finanzrundschau AG, Switzerland (Administrative Board) Personalvorsorgestiftung der Handelszeitung und Finanzrundschau AG, Switzerland (Foundation Board)

Fixed emoluments for the boards of Axel Springer AG amounted to EUR 6,849 thousand for the fiscal year. Variable emoluments totaled EUR 3,304 thousand. Part of the variable emoluments is tied to achievement of a specific shareholder value, which is based on EBITA.

Within the framework of the management shareholding program, the board of Axel Springer AG acquired 62,300 shares in 2004 in the amount of EUR 3,382 thousand. With this investment, board members have the opportunity to acquire an additional eight shares for each share purchased. If, however, specific EBITA limits are not achieved in fiscal year 2007, the number of additional shares that can be purchased will be reduced.

The shareholding program will be assessed using an accepted option model. Thus, calculational emolument components totaling EUR 3,213 thousand is not included in the aforementioned board emoluments for 2005. Through the use of treasury stock or exercise of H&F stock options (see (2)), there is a possibility that the total management shareholding program can be implemented regardless of the results of Axel Springer AG.

EUR 2,163 thousand has been paid to former board members or their survivors. EUR 26 thousand has been paid to former special

managerial bodies. EUR 22,539 thousand has been deferred for former board members or their survivors. EUR 219 thousand has been deferred for former special managerial bodies.

Depreciation and amortization

Total unplanned depreciation in accordance with § 253 Paragraphs 2 and 3 of the German Commercial Code amounted to EUR 10,254 thousand for Axel Springer AG.

Other operating expenses

Expenses are primarily made up of postal and forwarding costs; costs for advertising, commissions, foreign services, rent and leasing; repair and maintenance; travel and associated expenses as well as reserves for receivables. It also includes expenses for services from affiliated companies. In accordance with § 6b of the German Income Tax Act, reserve funds in the amount of EUR 34,629 thousand (previous year 9,353 thousand) have been posted under special items to in the reporting year be carried forward for new development in Berlin.

Effective December 1, 2005, after dissolution of Komplementär-GmbH the total assets of AKTUELL Presse-Fernsehen GmbH & Co.

KG were transferred to Axel Springer AG following accretion as per §§ 161 Paragraph 2, 105 Paragraph 3 of the German Commercial Code. Accretion generated expenses for Axel Springer AG in the amount of EUR 33,816 thousand.

The following fees have been posted as expenses for year-end auditing services from PriceWaterhouseCoopers AG commissioned by Axel Springer AG:

EUR thousands	2005	2004
Audit	464	407
Other validation or assessment services	630	2,463
Tax accounting services	34	26
Other services	5	0
Total	1.133	2.896

The auditing fees are for the year-end audit of the individual financial statement as well as the consolidated financial statement of Axel Springer AG. Other validation and assessment services include review of interim financial statements, fees for due diligence services, review of compliance with certain contractual stipulations plus, in 2004, review of the conversion to IFRS accounting policies. Tax accounting fees comprise support in individual tax issues.

Income from investments

These items include "Income from profit-shifting contracts" in the amount of EUR 26,719 thousand (previous year EUR 8,792 thousand). Income from affiliated companies totals EUR 62,066 thousand (previous year EUR 50,866 thousand).

Net interest income

EUR thousands	2005	2004
Proceeds from lending of financial assets	948	783
	(848)*	(675)*
Other interest and similar proceeds	14,978	12,800
	(4,111)*	(4,670)*
Interest and similar expenditures	-43,798	-39,792
	(-22,412)*	(-21,413)*
Total	-27,872	-26,209

(*) of which from/to affiliated companies

Income from transfer of losses

Income from transfer of losses amounted to EUR 13,511 thousand for Axel Springer AG (previous year EUR 24,176 thousand).

Taxes

EUR thousands	2005	2004
Taxes from earnings and proceeds	107,331	108,293
Other taxes	660	1,523
Total	107,991	109,816

Other Notes

Notes on German Corporate Governance Code

Pursuant to § 161 of the Companies Act, Axel Springer AG has provided shareholders permanent access to the declaration of conformity to the German Corporate Governance Code drawn up by the Board of Directors and Supervisory Board in December 2005 via the company Internet site >InvestorRelations >Corporate Governance. The declaration of conformity is also printed in the annual report.

Information on reportable securities transactions or investments pursuant to § 15a and §§ 21f. of the Securities Trade Act.

There were no notices for the company for fiscal year 2005.

Relationships to shareholders that qualify as affiliated persons

	Number of directly held shares	Number of indirectly held shares
Axel Springer Gesellschaft für Publizistik GmbH & Co	17,000,010	0
Dr. h. c. Friede Springer	3,401,000	17,000,010 ⁽¹⁾
Axel Sven Springer	110	17,000,010 ⁽²⁾
Members of board of directors	62,300	0

⁽¹⁾ Via Axel Springer Gesellschaft für Publizistik GmbH & Co, of which Friede Springer has a 90% stake.

⁽²⁾ Via Axel Springer Gesellschaft für Publizistik GmbH & Co, of which Axel Sven Springer has a 5% stake.

Axel Springer AG performed general administrative services for Axel Springer Gesellschaft für Publizistik GmbH & Co in fiscal year 2005 and based on a stipulation from July 1, 1985 made payment contributions to the pension insurance agency for former employees. The scope of the amount was negligible in each case.

Axel Sven Springer has the status of employee at Axel Springer AG (but with agreed-upon exemptions since September 2002).

Within the framework of the management shareholding program, the board of directors acquired a total of 62,300 shares in fiscal year 2004 (see section 9 for further information).

Other events

On August 5, 2005 Axel Springer AG entered into a share purchase agreement with P7S1 Holding L.P. for the acquisition of all of P7S1 Holding L.P.'s directly and indirectly held common and preferred stock in ProSiebenSat.1 Media AG. Because execution of the contract would increase Axel Springer AG's indirect holdings in ProSiebenSat.1 Media AG from about 12% to about 100% of the voting common stock and 25% of the non-voting preferred stock, the contract has been subject to antitrust and media regulatory sanctions up until December 31, 2005. This also applied to the voluntary, public takeover bid that Axel Springer AG presented to ProSiebenSat.1 Media AG shareholders on September 16, 2005.

As of closing day, with consideration to the deferred terms, the obligation of the cost price settlement totaled EUR 2,450.0 million and payment to ProSiebenSat.1 Media AG shareholders, who at this point had accepted the voluntary takeover, totaled EUR 155.8 million. Further, when executing the purchase agreement there was an obligation to refund existing liabilities in the amount of EUR 450.0 million. These obligations were secured via a syndicated Euro credit in an amount totaling EUR 3,480.0 million. The interest rate was linked to Euribor plus a margin calculated based on the debt to equity ration of Axel Springer AG. The risk of interest rate changes was secured up to 50% with contingent swaps.

On January 10, 2006, the Commission on Concentration in the Media (KEK) and on January 23, 2006, the Bundeskartellamt banned Axel Springer AG's intended acquisition of ProSiebenSat.1. On February 1, 2006, the board of Axel Springer AG and the board

of P7S1 Holding L.P. decided not to follow through on takeover plans. After intense examination, they came to the conclusion that the numerous economic and legal uncertainties of possible legal action or possible action by the ministry entailed unacceptable risks for all parties. The financial obligations and loan commitments are thereby voided.

Proposed Profit Distribution


The financial statement for fiscal year 2005 indicates a net profit in the amount of

EUR 71,585,647.

The board proposes that EUR 52,125,910 of the net profit be distributed as dividends for fiscal year 2005 in the amount of EUR 1.70 per individual share certificate entitled to dividends. The remaining amount, totaling EUR 19,459,737, is to be posted in the other revenue reserves. The treasury stock held by Axel Springer AG does not entitle the bearer to dividends.

Berlin, February 24S, 2006

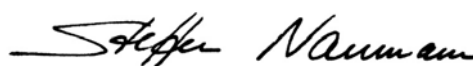
Axel Springer AG




(Dr. Mathias Döpfner)



(Rudolf Knepper)



(Steffen Naumann)



(Dr. Andreas Wiele)

Statement of Changes in Fixed Assets

	Acquisition and manufacturing costs			
	1/1/2005 €	Initial €	Final €	Reclassification €
Rights and licenses	68,685,066	1,149,853	5,871,529	516,412
Advance payments made	852,984	1,833,179	8,200	-516,412
Intangible assets	69,538,050	2,983,032	5,879,729	0
Land, rights similar to land and buildings, Including buildings on third-party land	556,528,040	3,394,709	63,981,235	1,108,685
Technical equipment and machinery	801,090,165	7,550,841	298,185,798	15,953,815
Other equipment, furniture and fixtures	132,740,471	7,927,499	31,559,877	104,851
Advance payments made and construction in progress	24,583,308	4,963,259	165,627	-17,167,351
Fixed assets	1,514,941,984	23,836,308	393,892,537	0
Shares in affiliated companies	466,248,518	16,792,311	69,972,440	-35,000
Loans to affiliated companies	18,412,818	327,619	0	0
Investments	170,078,985	91,800,966	10,265,341	35,000
Loans to companies in which there is a financial investment	6,910,023	0	0	0
Other loans	1,855,638	201,027	296,653	0
Financial assets	663,505,982	109,121,923	80,534,434	0
Fixed assets of Axel Springer AG	2,247,986,016	135,941,263	480,306,700	0

	Appreciation €	Depreciation and amortization		Carrying values	
		Total €	In fiscal year €	12/31/2005 €	12/31/2004 € thousands
	0	39,135,469	7,094,172	25,344,333	33,217
	0	0	0	2,161,551	853
	0	39,135,469	7,094,172	27,505,884	34,070
	0	296,610,518	43,192,446	200,439,681	263,671
	0	421,694,471	39,254,832	104,714,552	170,536
	0	85,909,950	8,851,786	23,302,994	28,970
	0	621,541	0	11,592,048	23,962
	0	804,836,480	91,299,064	340,049,275	487,139
	0	141,705,289	7,836,370	271,328,100	332,379
	0	11,445,462	2,203,634	7,294,975	9,171
	0	35,205,312	0	216,444,298	134,525
	0	50,340	0	6,859,683	6,860
	0	14,462	13,644	1,745,550	1,854
	0	188,420,865	10,053,648	503,672,606	484,789
	0	1,032,392,814	108,446,884	871,227,765	1,005,998

Bestätigungsvermerk des Abschlussprüfers

Wir haben den Jahresabschluss - bestehend aus Bilanz, Gewinn- und Verlustrechnung sowie Anhang - unter Einbeziehung der Buchführung und den Lagebericht der Axel Springer Aktiengesellschaft, Berlin, der mit dem Konzernlagebericht zusammengefasst ist, für das Geschäftsjahr vom 1. Januar bis 31. Dezember 2005 geprüft. Die Buchführung und die Aufstellung von Jahresabschluss und zusammengefasstem Lagebericht nach den deutschen handelsrechtlichen Vorschriften liegen in der Verantwortung des Vorstands der Gesellschaft. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Jahresabschluss unter Einbeziehung der Buchführung und über den zusammengefassten Lagebericht abzugeben.

Wir haben unsere Jahresabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Jahresabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und durch den zusammengefassten Lagebericht vermittelten Bildes der Vermögens-, Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld der Gesellschaft sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben in Buchführung, Jahresabschluss und zusammengefasstem Lagebericht überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der angewandten Bilanzierungsgrundsätze und der wesentlichen Einschätzungen des Vorstands sowie die Würdigung der Gesamtdarstellung des Jahresabschlusses und des zusammengefassten Lageberichts. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet.

Unsere Prüfung hat zu keinen Einwendungen geführt.


Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss den gesetzlichen Vorschriften und vermittelt unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft. Der zusammengefasste Lagebericht steht in Einklang mit dem Jahresabschluss, vermittelt insgesamt ein zutreffendes Bild von der Lage der Gesellschaft und stellt die Chancen und Risiken der zukünftigen Entwicklung zutreffend dar.

Berlin, den 24. Februar 2006

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