

# **Financial Statements of Axel Springer AG**

*for the period ending*

*December 31, 2011*



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The combined management report of Axel Springer Aktiengesellschaft and Axel Springer Group is published in the Axel Springer Group's 2011 annual report.

# Balance Sheet

## ASSETS

in € millions	Note	12/31/2011	12/31/2010
<b>Fixed assets</b>	<b>(1)</b>	<b>2,973.9</b>	<b>2,245.9</b>
Intangible assets		35.1	34.9
Property, plant and equipment		227.5	210.8
Non-current financial assets		2,711.3	2,000.2
<b>Current assets</b>		<b>439.1</b>	<b>799.0</b>
Inventories	(2)	18.3	17.6
Receivables and other assets	(3)	395.6	555.6
Cash and cash equivalents		25.2	225.8
<b>Prepaid expenses</b>		<b>1.6</b>	<b>1.6</b>
		<b>3,414.6</b>	<b>3,046.5</b>

## EQUITY AND LIABILITIES

in € millions	Note	12/31/2011	12/31/2010
<b>Equity</b>	<b>(4)</b>	<b>1,318.7</b>	<b>1,206.4</b>
Issued capital		98.6	98.3
Subscribed capital		98.9	98.9
Treasury shares		-0.3	-0.6
Additional paid-in capital		89.1	84.6
Retained earnings		962.8	865.2
Distributable profit		168.2	158.3
<b>Provisions</b>	<b>(5)</b>	<b>425.0</b>	<b>512.6</b>
<b>Liabilities</b>	<b>(6)</b>	<b>1,613.4</b>	<b>1,275.9</b>
<b>Deferred income</b>		<b>57.5</b>	<b>51.6</b>
		<b>3,414.6</b>	<b>3,046.5</b>

# Income Statement

in € millions	Note	2011	2010
Revenues	(12)	1,551.2	1,576.6
Change in inventories		-0.3	1.6
Other own work capitalized		1.7	1.0
Other operating income	(13)	122.5	137.4
Purchased goods and services	(14)	-411.5	-408.6
Personnel expenses	(15)	-424.6	-433.3
Amortization, depreciation and impairments of intangible assets and property, plant and equipment		-33.3	-35.1
Other operating expenses		-516.8	-550.8
Net income from non-current financial assets	(16)	96.2	6.2
Net interest income	(17)	-26.2	-23.4
<b>Profit from ordinary activities</b>		<b>358.9</b>	<b>271.6</b>
Taxes	(18)	-98.7	-110.3
<b>Net income</b>		<b>260.2</b>	<b>161.3</b>
Transfer to other retained earnings	(4)	-92.0	-3.0
<b>Distributable profit</b>		<b>168.2</b>	<b>158.3</b>

# Notes to the Annual Financial Statements

## General information

The annual financial statements of Axel Springer Aktiengesellschaft, Berlin ("Axel Springer AG" or "Company"), were prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) and the German Stock Corporation Act (Aktiengesetz – AktG).

The balance sheet and income statement correspond to the classification requirements of the HGB; the income statement was prepared using the total cost (nature of expense) method. The annual financial statements were prepared in euros (€); all amounts are reported in € millions unless otherwise indicated. To improve clarity and legibility, individual line items were aggregated in the balance sheet and income statement and then presented separately and explained in the notes to the annual financial statements.

The annual financial statements and the combined management report of the Company and Axel Springer Group will be published in the Electronic Federal Gazette.

## Accounting policies

### Fixed assets

Intangible assets and tangible fixed assets that have been purchased are recognized at cost. Finite-lived assets are depreciated systematically using the straight-line method over the expected useful life. The carrying amounts of additions to depreciable tangible fixed assets in the prior year are initially reduced using accelerated depreciation and later transitioned to the straight-line method. Additional write-downs to the lower fair value on the balance sheet date are charged if the impairment is expected to be permanent.

Systematic depreciation and amortization was based on the following typical useful lives:

in years	Useful life
<b>Intangible assets</b>	
Software	5
Licenses	3 – 5
Supply rights	3
Internet platforms	3
Purchased titles and publishing rights	15
<b>Property, plant and equipment</b>	
Buildings	35 – 50
Leasehold improvements	3 – 10
Technical equipment and machinery	3 – 25
Other operational and business equipment	3 – 15

Non-current financial assets are recognized at acquisition cost or at the lower fair value on the balance sheet date if impairments are expected to be permanent.

### Current assets

Raw materials and supplies as well as merchandise are measured at acquisition cost or the lower fair value on the balance sheet date; semi-finished and finished goods are measured at production cost. In addition to direct material and labor costs, production cost includes an appropriate share of the necessary indirect material and labor costs, including depreciation to the extent they are related to production. Inventory risks associated with the storage period or reduced utility are accounted for through appropriate allowances.

Receivables and other assets are recognized at nominal value or acquisition cost or the lower fair value on the balance sheet date. Individual risks are accounted for through adequate allowances.

Cash and cash equivalents include cash on hand, cash in banks as well as checks and are recognized at nominal value or the lower fair value on the balance sheet date.

### ***Equity***

The acquisition cost of treasury shares is deducted from subscribed capital in the amount of the calculated share of the capital stock; the remaining amount is offset against other retained earnings.

### ***Provisions and liabilities***

Provisions for pensions and similar obligations ("Pensions provisions") are measured on the basis of actuarial calculations according to the projected unit credit method and reflect future compensation and pension adjustments.

In order to secure and fulfill its existing pension obligations, Axel Springer AG set up a so-called Contractual Trust Arrangement in the reporting period. The legally independent registered association, Axel Springer Pensionstreuhand e.V., Berlin, established in the reporting period is responsible for the management in trust of assets that serve only to fulfill pension obligations and are protected from access by all other creditors (plan assets). The plan assets are measured at fair value and netted with the pension provisions.

Provisions for taxes and other provisions are recognized based on prudent business judgment for contingent liabilities and expected losses from executory contracts in the necessary settlement amount, taking into account expected price and cost increases. Obligations with a remaining term of more than one year are discounted at the matching average market interest rate of the past seven fiscal years.

Net interest income only includes interest from the compounding of provisions attributable to the fiscal year. Income from plan assets is netted with corresponding interest expense. Income and expenses resulting from changes in the actuarial interest rate are recognized under other operating income and personnel expenses respectively or under other operating expenses.

Liabilities are recognized at the settlement amount.

### ***Deferred taxes***

Deferred taxes are calculated for temporary differences between the tax bases of assets and liabilities and the carrying amounts of those assets and liabilities in the separate financial statements as well as for interest and losses carried forward. Dependent enterprises in the fiscal unit for income tax purposes and partnerships in which Axel Springer AG is invested are also included in the calculation. Deferred tax assets and liabilities are netted; any resulting net deferred tax assets are not recognized.

### ***Currency translation***

As a rule, receivables, cash and cash equivalents, liabilities to banks and other assets and liabilities denominated in foreign currency are translated at the mean spot exchange rate prevailing on the balance sheet date.

### ***Financial derivatives***

Financial derivatives are employed to hedge interest rate and currency risks. The risk of changing interest rates is countered by employing interest rate derivatives, in particular interest rate swaps and collars. The objective and method of hedging interest rate risks is determined by internal financial guidelines. Exchange rate risks arise in particular from investments, financing measures, and operating activities. They are hedged by employing currency forwards. Financial derivatives are generally grouped together with the underlying transactions in valuation units if the requirements for hedge accounting have been met; otherwise, they are measured mark-to-market. Unrealized losses as of the balance sheet date are recognized in profit or loss.

## Notes to the balance sheet

### (1) Fixed assets

in € millions	Acquisition or production cost					Accumulated depreciation, amortization and impairments	Carrying amounts		Depreciation, amortization and impairments 2011
	01/01/2011	Additions	Transfers	Disposals	12/31/2011		12/31/2011	12/31/2010	
Rights and licences	97.5	2.4	1.1	-5.6	95.4	70.6	24.8	31.6	10.0
Advanced payments	4.6	8.4	-1.0	-1.3	10.7	0.4	10.3	3.3	0.4
<b>Intangible assets</b>	<b>102.1</b>	<b>10.8</b>	<b>0.1</b>	<b>-6.9</b>	<b>106.1</b>	<b>71.0</b>	<b>35.1</b>	<b>34.9</b>	<b>10.4</b>
Land, similar rights and buildings including buildings on non-owned land	504.6	27.1	0.5	-0.1	532.1	344.9	187.2	168.3	8.7
Technical equipment and machinery	507.4	1.8	2.3	-3.3	508.2	492.1	16.1	19.6	7.6
Other equipment, operational and office equipment	110.5	7.0	1.2	-6.6	112.1	92.2	19.9	18.7	6.6
Advanced payments and construction in progress	4.3	4.2	-4.1	-0.1	4.3	0.0	4.3	4.2	0.0
<b>Property, plant and equipment</b>	<b>1,126.8</b>	<b>40.1</b>	<b>-0.1</b>	<b>-10.1</b>	<b>1,156.7</b>	<b>929.2</b>	<b>227.5</b>	<b>210.8</b>	<b>22.9</b>
Shares in affiliated companies	1,871.9	716.9	0.0	-20.0	2,568.8	92.0	2,476.8	1,795.5	15.5
Loans to affiliated companies	207.0	41.4	0.0	-18.8	229.6	18.7	210.9	183.8	0.9
Other investments	107.7	2.8	0.0	0.0	110.5	88.0	22.5	19.7	0.0
Loans to other investments	0.1	0.1	0.0	0.0	0.2	0.0	0.2	0.2	0.0
Other loans	1.0	0.0	0.0	-0.1	0.9	0.0	0.9	1.0	0.0
<b>Non-current financial assets</b>	<b>2,187.7</b>	<b>761.2</b>	<b>0.0</b>	<b>-38.9</b>	<b>2,910.0</b>	<b>198.7</b>	<b>2,711.3</b>	<b>2,000.2</b>	<b>16.4</b>
<b>Fixed assets</b>	<b>3,416.6</b>	<b>812.1</b>	<b>0.0</b>	<b>-55.9</b>	<b>4,172.8</b>	<b>1,198.9</b>	<b>2,973.9</b>	<b>2,245.9</b>	<b>49.7</b>

In the reporting period, impairment losses totaling € 0.4 million (PY: € 3.4 million) were recognized on intangible assets and on property, plant and equipment and impairment losses totaling € 16.4 million (PY: € 42.3 million) were recognized on non-current financial assets.

Additions to non-current financial assets were mainly related to additional contributions to subsidiaries' additional paid-in capital.

### (2) Inventories

in € millions	12/31/2011	12/31/2010
Raw materials and supplies	14.8	13.9
Semi-finished goods	2.4	2.5
Finished goods and merchandise	1.1	1.2
<b>Inventories</b>	<b>18.3</b>	<b>17.6</b>

**(3) Receivables and other assets**

in € millions	12/31/2011	12/31/2010
Trade receivables	142.0	157.9
Receivables from affiliated companies	50.4	152.9
Receivables from companies in which the Company has a participating interest	8.3	7.8
Other assets	194.9	237.0
(of which remaining term longer than one year)	(127,7)	(155,6)
<b>Receivables and other assets</b>	<b>395.6</b>	<b>555.6</b>

Receivables from affiliated companies mainly included financial receivables from the group-wide cash management.

**(4) Equity**

The amendment to the company's Articles of Incorporation resolved by the 2011 annual shareholders' meeting regarding a stock split in the ratio of 1:3 went into effect with entry in the commercial register on May 31, 2011. The fully paid-in subscribed capital in the amount of € 98.9 million has been divided since then into 98,940,000 (PY: 32,980,000) registered shares with limited transferability each with a notional value of € 1.00 (PY: € 3.00).

As of the balance sheet date, Axel Springer AG held 334 thousand treasury shares. The portfolio has changed as follows:

	Treasury shares in thousands	Share of subscribed capital	
		€ millions	%
Balance at 01/01/2011 <sup>1)</sup>	600	0.6	0.6 %
Share participation program 2011	-266	-0.3	-0.3 %
<b>Balance at 12/31/2011</b>	<b>334</b>	<b>0.3</b>	<b>0.3 %</b>

<sup>1)</sup> The number of treasury shares, taking the stock split into account.

In the reporting period, 266 thousand treasury shares (€ 0.3 million, or 0.3 % of subscribed capital) were sold to employees of the Axel Springer Group at a fair value of

€ 9.4 million. The purchase price in excess of the amortized cost in the amount of € 4.5 million was deposited directly in equity under additional paid-in capital, which increased accordingly to € 89.1 million.

The treasury shares held as of December 31, 2011, were part of the share purchase in July 2008. At the time, the acquisition served the possibility of using the shares in connection with acquisitions, to compensate management or employees, or to sell or retire them.

Retained earnings developed as follows in the reporting period:

in € millions	Statutory reserve	Other retained earnings	Retained earnings
Balance at 01/01/2011	10.2	854.9	865.2
Transfer according to shareholder's resolution 2011		1.0	1.0
Issue of treasury shares		4.7	4.7
Transfer from net income 2011		92.0	92.0
<b>Balance at 12/31/2011</b>	<b>10.2</b>	<b>952.6</b>	<b>962.8</b>

As of December 31, 2011, retained earnings amounting to € 5.0 million (PY: € 0.0 million) were restricted from distribution due to the fair value measurement of plan assets.

**(5) Provisions**

in € millions	12/31/2011	12/31/2010
Pension provisions	237.2	282.7
Provisions for taxes	27.7	47.2
Other provisions	160.1	182.7
<b>Provisions</b>	<b>425.0</b>	<b>512.6</b>

Pension provisions were determined as follows:

in € millions	12/31/2011	12/31/2010
Settlement amount of pensions and similar obligations	287.2	282.7
Plan assets	-50.0	0.0
<b>Pension provisions</b>	<b>237.2</b>	<b>282.7</b>

Pension provisions were recognized to account for obligations arising from vested pension rights and current benefits of former and active employees of Axel Springer AG and their surviving dependents, based on individual contracts and labor-management agreements. In addition, since the 2004 fiscal year, employees have been given the option to make contributions to a company pension plan by way of salary conversion (Axel Springer Vario Rente).

As in the previous year, the calculation of the settlement amount was based on an actuarial interest rate of 5.2 %

p.a. as well as a pension and salary trend of 1.75 % p.a. The life expectancy was taken from Dr. Klaus Heubeck's Mortality Tables 2005 G.

Plan assets measured at fair value included cash and cash equivalents (€ 25.7 million) and leased office properties (€ 24.3 million). The fair value of the office properties was determined using a discounted cash flow method based on an actuarial interest rate of 7.0 %. The historical cost of plan assets amounted to € 45.0 million.

Other provisions included in particular provisions for performance-dependent compensation (€ 38.9 million; PY: € 36.8 million), commitments based on partial retirement agreements (€ 27.7 million; PY: € 30.0 million), outstanding supplier invoices (€ 20.5 million; PY: € 26.1 million) and structural measures (€ 14.9 million; PY: € 30.4 million).

## (6) Liabilities

in € millions	12/31/2011	Remaining term			12/31/2010	Remaining term		
		up to 1 year	longer than 1 year, up to 5 years	longer than 5 years		up to 1 year	longer than 1 year, up to 5 years	longer than 5 years
Liabilities due to banks	645.3	10.3	635.0	0.0	286.8	0.8	286.0	0.0
Advance payments	0.7	0.7	0.0	0.0	0.4	0.4	0.0	0.0
Trade payables	43.6	43.6	0.0	0.0	46.9	46.9	0.0	0.0
Liabilities to affiliated companies	884.4	884.4	0.0	0.0	882.4	882.4	0.0	0.0
Liabilities to companies in which the Company has a participating interest	6.7	6.7	0.0	0.0	8.1	8.1	0.0	0.0
Other liabilities	32.7	29.9	2.3	0.5	51.3	45.1	5.6	0.6
<b>Liabilities</b>	<b>1,613.4</b>	<b>975.6</b>	<b>637.3</b>	<b>0.5</b>	<b>1,275.9</b>	<b>983.7</b>	<b>291.6</b>	<b>0.6</b>

As of the balance sheet date, liabilities due to banks were secured by mortgages in the amount of € 10.3 million (PY: € 11.8 million).

Liabilities to affiliated companies mainly included financial liabilities from the group-wide cash management.

Other liabilities included tax liabilities in the amount of € 4.2 million (PY: € 9.3 million) and social security liabilities in the amount of € 0.1 million (PY: € 1.0 million).

**(7) Contingent liabilities**

As of December 31, 2011, there were contingent liabilities from warranties (€ 26.8 million; PY: € 28.0 million) as well as from guarantees (€ 13.6 million; PY: € 16.4 million).

The claims from the cited contingent liabilities are not expected to be asserted based on the beneficiaries' previous payment practices and considering the knowledge acquired leading up to the preparation date.

**(8) Transactions not included in the balance sheet**

In 1991, 1992, and 1993, three legally independent real estate funds were granted heritable building rights for portions of the property located in Hamburg, where they constructed portions of Axel Springer's office building. Lease agreements for an original period of 20 years, including purchase rights after the expiration of the contractual period, were subsequently entered into between Axel Springer AG and the real estate funds.

The first lease expired in the reporting period; Axel Springer AG exercised its purchase right and acquired the first part of the building at a cost of € 19.3 million. This portion of the building was subsequently transferred in trust to Axel Springer Pensionstreuhand e.V. for the creation of plan assets. Axel Springer AG concluded a 20 year lease with Axel Springer Pensionstreuhand e.V. for the continued use of the building. Future expenses under the lease are expected to amount to € 32.2 million.

Financial obligations based on continuing leases between Axel Springer AG and the real estate funds amounted to € 50.6 million (PY: € 79.4 million) as of the balance sheet date.

**(9) Other financial commitments**

Other financial commitments as of the balance sheet date amounted to € 247.9 million (PY: € 471.4 million). The commitments were mainly the result of long-term paper purchasing agreements.

**(10) Financial derivatives**

In order to hedge interest rate risks from long-term liabilities, interest rate derivatives in the form of swaps and collars were employed in the reporting period. With respect to term and notional amount, the interest rate derivatives were each concluded in analogy to corresponding tranches of the variable interest rate loans (underlying transactions). As of the balance sheet date, the interest rate derivatives had a remaining term to maturity until August 2013. The interest rate derivatives and underlying transactions were qualified as valuation unit. As of December 31, 2011, a nominal loan volume of € 275.0 million was secured. The measurement of interest rate derivatives at market prices resulted in negative fair values totaling € 14.3 million (PY: € 18.9 million) as of the balance sheet date.

Exchange rate risks were countered with currency forwards. As of the balance sheet date, there were executory contracts over a volume of CHF 11.0 million (PY: CHF 42.0 million and USD 0.2 million) with a negative fair value of € 0.7 million (PY: positive fair value of € 2.3 million).

**(11) Deferred taxes**

As a rule, deferred taxes were calculated based on the same 31.19% combined income tax rate applied in the previous year. As in the previous year, the calculation of taxes as of December 31, 2011, resulted in net deferred tax assets. This was mainly the result of the lower measurement of pension obligations for tax purposes.

## Notes to the income statement

### (12) Revenues

in € millions	2011	2010
Circulation revenues	863.4	870.2
Advertising revenues	552.0	573.6
Printing revenues	77.2	73.1
Other revenues	58.6	59.7
<b>Revenues</b>	<b>1,551.2</b>	<b>1,576.6</b>

The revenues were realized almost entirely in Germany and can be attributed to the following segments:

in € millions	2011	2010
Newspapers National	1,000.5	1,020.4
Magazines National	431.1	443.8
Digital Media	32.2	26.2
Other	87.4	86.2
<b>Revenues</b>	<b>1,551.2</b>	<b>1,576.6</b>

### (13) Other operating income

Income not related to the accounting period from the disposal of fixed assets (€ 5.6 million; PY: € 7.3 million) and the reversal of provisions (€ 11.5 million; PY: € 11.3 million) was recognized under other operating income.

### (14) Purchased goods and services

in € millions	2011	2010
Raw materials, supplies and merchandise	161.7	156.1
Purchased services	249.8	252.5
<b>Purchased goods and services</b>	<b>411.5</b>	<b>408.6</b>

### (15) Personnel expenses

in € millions	2011	2010
Wages and salaries	366.1	377.9
Social security, pension and other benefit expenses	58.5	55.4
(of which for old age pensions)	(6,8)	(3,5)
<b>Personnel expenses</b>	<b>424.6</b>	<b>433.3</b>

The average number of employees during the year was:

	2011	2010
Salaried employees	2,266	2,276
Editors	1,541	1,554
Wage-earning employees	762	822
<b>Total employees</b>	<b>4,569</b>	<b>4,652</b>

### (16) Net income from non-current financial assets

in € millions	2011	2010
Income from participating interests	58.6	27.0
(of which from affiliated companies)	(46,0)	(12,3)
Income from profit transfer agreements	73.2	27.1
Expenses from transfer of losses	-22.7	-8.8
Impairments of non-current financial assets	-16.4	-42.3
<b>Net income from investments</b>	<b>92.7</b>	<b>3.0</b>
Income from other non-current securities and loans	3.5	3.2
(of which from affiliated companies)	(3,3)	(3,1)
<b>Net income from non-current financial assets</b>	<b>96.2</b>	<b>6.2</b>

*(17) Net interest income*

<b>in € millions</b>	<b>2011</b>	<b>2010</b>
Other interest and similar income	16.5	11.0
(of which from affiliated companies)	(0.8)	(1.8)
Interest and similar expenses	-42.7	-34.4
(of which to affiliated companies)	(-8.4)	(-3.2)
(of which from the compounding of pension provisions)	(-13.8)	(-14.5)
(of which from the compounding of other provisions)	(-1.0)	(-1.0)
<b>Net interest income</b>	<b>-26.2</b>	<b>-23.4</b>

Interest expense from the compounding of pension provisions was offset by income from plan assets in the amount of € 0.5 million (PY: € 0.0 million).

*(18) Taxes*

<b>in € millions</b>	<b>2011</b>	<b>2010</b>
Income taxes	94.7	105.2
Other taxes	4.0	5.1
<b>Taxes</b>	<b>98.7</b>	<b>110.3</b>

## Other disclosures

### (19) Supervisory Board

#### Dr. Giuseppe Vita

Chairman of the Supervisory Board of Axel Springer AG

Seats on other mandatory Supervisory Boards:

- Dussmann Verwaltungs AG
- Medical Park AG

Seats on comparable boards in Germany and abroad:

- Peter Dussmann-Stiftung (Member of the Board of Trustees)
- Allianz S.p.A., Italy (Chairman of the Board of Directors, since December 2011, previously Vice Chairman)
- Barilla S.p.A., Italy (Board of Directors)
- Gruppo Banca Leonardo S.p.A., Italy (Chairman of the Board of Directors)
- Humanitas S.p.A., Italy (Board of Directors)

#### Dr. h. c. Friede Springer

Vice Chairwoman of the Supervisory Board of Axel Springer AG

Seats on other mandatory Supervisory Boards:

- ALBA plc & Co. KG aA (previously ALBA AG)
- ALBA Finance plc & Co. KG aA (since July 2011)

Seats on comparable boards in Germany and abroad:

- ALBA Group plc & Co. KG (Advisory Board, since May 2011)

#### Dr. Gerhard Cromme

Chairman of the Supervisory Board of ThyssenKrupp AG

Seats on other mandatory Supervisory Boards:

- Allianz SE (Vice Chairman)
- Siemens AG (Chairman)
- ThyssenKrupp AG (Chairman)

Seats on comparable boards in Germany and abroad:

- Compagnie de Saint Gobain, France (Board of Directors)

#### Oliver Heine

Attorney at law and partner in the law firm Oliver Heine & Partner

Seats on comparable boards in Germany and abroad:

- YooApplications AG, Switzerland (Board of Directors)

#### Klaus Krone

Member of the Supervisory Board of Axel Springer AG

#### Dr. Nicola Leibinger-Kammüller

President and Chairwoman of the Managing Board of TRUMPF GmbH + Co. KG

Seats on other mandatory Supervisory Boards:

- Lufthansa AG
- Siemens AG
- Voith GmbH

#### Prof. Dr. Wolf Lepenies

University Professor (emer.) FU Berlin; Permanent Fellow (emer.) of the Wissenschaftskolleg zu Berlin

#### Michael Lewis

Investment Manager

Seats on comparable boards in Germany and abroad:

- Cheyne Capital Management Limited, UK (Non-Executive)
- Oceana Capital Partners LLP, UK (Executive Partner)
- Oceana Concentrated Opportunities Fund Limited, Jersey, Channel Islands (Non-Executive)
- Oceana Fund Managers (Jersey) Limited, Jersey, Channel Islands (Non-Executive)
- Oceana Investment Corporation Limited, UK (Chairman)
- Oceana Investment Partners LLP, UK (Executive Partner)
- OIC 07178 Limited, UK (Executive)
- United Trust Bank Limited, UK (Non-Executive)
- UTB Partners Limited, UK (Non-Executive)
- Histogenics Inc, USA (Non-Executive Director and Chairman, since May 2011)
- Peltours Limited, Israel (Non-Executive)
- ProChon Biotech Limited, Israel (Chairman, until May 2011)
- Shidonni Limited, Israel (Non-Executive)
- Strandbags Holdings Pty Limited, Australia (Non-Executive Chairman)
- The Foschini Group, South Africa (Non-Executive)

#### Dr. Michael Otto

Chairman of the Supervisory Board of Otto GmbH & Co. KG

Seats on other mandatory Supervisory Boards:

- Otto GmbH & Co. KG (Chairman)

Seats on comparable boards in Germany and abroad:

- FORUM Grundstücksgesellschaft mbH (Advisory Board)
- Robert Bosch Industrie und Treuhand KG (Partner)

***(20) Management Board*****Dr. Mathias Döpfner**

Chairman and Chief Executive Officer

Journalist

Seats on comparable boards in Germany and abroad:

- B.Z. Ullstein GmbH (Advisory Board)
- Axel Springer Schweiz AG, Switzerland (Board of Directors)
- RHJ International SA, Belgium (Board of Directors)
- Time Warner Inc., USA (Board of Directors)

**Rudolf Knepper** (until December 2011)

Vice Chairman and Head of Printing and Logistics, and HR

Master's degree in engineering and in business/engineering

Seats on comparable boards in Germany and abroad:

- PRINOVIS Limited, UK (Board of Directors)

**Jan Bayer** (since January 2012)

President WELT Group and Printing

Media scholar

**Ralph Büchi** (since January 2012)

President International Division

Master's degree in business administration

Seats on mandatory Supervisory Boards:

- ZANOX.de AG (Chairman)

Seats on comparable boards in Germany and abroad:

- Amiado Group AG, Switzerland (Chairman of the Board of Directors)
- Amiado Online AG, Switzerland (Chairman of the Board of Directors)
- auFeminin.com S.A., France (Board of Directors)
- Automotive Exchange Private Limited, India (Non-Executive Director)
- Axel Springer Espana S.A., Spain (Board of Directors)
- Axel Springer Schweiz AG, Switzerland (Vice Chairman of the Board of Directors)

- CompuTel Telefonservice AG, Switzerland (Chairman of the Board of Directors)
- Ringier Axel Springer Media AG, Switzerland (Chairman of the Board of Directors)
- Handelszeitung Medien AG, Switzerland (Chairman of the Board of Directors)
- ITAS Media Private Limited, India (Non-Executive Director)
- SeLogger.com S.A., France (Supervisory Board)
- zanox Schweiz AG, Switzerland (Board of Directors)

**Lothar Lanz**

Chief Operating Officer and Chief Financial Officer

Master's degree in business administration

Seats on comparable boards in Germany and abroad:

- esmt European School of Management and Technology GmbH (Supervisory Board)
- Axel Springer International Finance B.V., Netherlands (Supervisory Board)
- Independent News & Media PLC, Ireland (Board of Directors)
- Ringier Axel Springer Media AG, Switzerland (Board of Directors)
- Dogan TV Holding A.S., Turkey (Supervisory Board, since March 2011)

**Dr. Andreas Wiele**

President BILD Group and Magazines

Lawyer

Seats on mandatory Supervisory Boards:

- ZANOX.de AG

Seats on comparable boards in Germany and abroad:

- B.Z. Ullstein GmbH (Advisory Board)
- dpa Deutsche Presse Agentur GmbH (Supervisory Board)
- Jahr Top Special Verlag GmbH & Co. KG (Advisory Board)
- auFeminin.com S.A., France (Board of Directors)
- SeLogger.com S.A., France (Supervisory Board, since July 2011)

***(21) Compensation of Supervisory Board and Management Board***

The compensation of members of the Supervisory Board in the reporting period amounted to € 2.5 million (PY: € 2.8 million).

The compensation of the members of the Management Board of Axel Springer AG amounted to € 17.0 million (PY: € 17.9 million).

The compensation paid to former members of the Management Board and their surviving dependents in the reporting period amounted to € 2.2 million (PY: € 2.2 million); provisions for pension commitments were recognized in the amount of € 25.2 million (PY: € 26.9 million).

**(22) List of investments**

Significant investments as of December 31, 2011 are listed below:

No.	Company	Share-holding in %	in-direct via	Equity € millions	Net Income € millions
1	AR Technology SAS, Paris/France	83,0	26	10,8	0,0 <sup>1)</sup>
2	AS Online Beteiligungs GmbH, Berlin	100,0		1.141,3	-0,5 <sup>1)</sup>
3	AS Osteuropa GmbH, Berlin	100,0		31,1	0,0 <sup>1)</sup>
4	auFeminin.com S.A., Paris/France	82,2	2	44,9	3,1 <sup>1)</sup>
5	Axel Springer - Budapest Kiadó Kft, Budapest/Hungary	92,9		3,9	2,4 <sup>1)</sup>
6	Axel Springer Asia GmbH, Hamburg	100,0		14,5	-0,5 <sup>1)</sup>
7	Axel Springer Editions SAS, Neuilly-sur-Seine/France	100,0	30	-20,3	-0,8 <sup>2)</sup>
8	Axel Springer España S.A., Madrid/Spain	100,0		23,6	-0,8 <sup>1)</sup>
9	Axel Springer France S.A.S., Neuilly-sur-Seine/France	100,0		16,2	-32,1 <sup>1)</sup>
10	"Axel Springer Russia" Geschlossene Aktiengesellschaft, Moscow/Russia	100,0	3	3,5	0,7 <sup>1)</sup>
11	Axel Springer Russland Holding GmbH, Berlin	100,0	3	3,5	0,0 <sup>2)</sup>
12	Axel Springer Schweiz AG, Zurich/Switzerland	100,0		68,1	9,4 <sup>1)</sup>
13	Axel Springer TV Productions GmbH, Hamburg	100,0		3,2	1,7 <sup>1)</sup>
14	Axel Springer Venture GmbH, Berlin	100,0		588,6	59,3 <sup>1)</sup>
15	'Axel Springer Verlag' Beteiligungsgesellschaft mbH, Berlin	100,0		164,5	3,0 <sup>1)</sup>
16	Axel Springer Vertriebsservice GmbH, Hamburg	100,0		20,6	3,3 <sup>1)</sup>
17	B.Z. Ullstein GmbH, Berlin	100,0	53	15,6	3,3 <sup>1)</sup>
18	Bergedorfer Buchdruckerei von Ed. Wagner (GmbH & Co.), Hamburg	100,0		6,6	0,4 <sup>1)</sup>
19	BERLINER WOCHENBLATT Verlag GmbH, Berlin	100,0	55	0,1	3,8 <sup>1)</sup>
20	BILD digital GmbH & Co. KG, Berlin	100,0		66,6	7,7 <sup>1)</sup>
21	Commerz-Film GmbH, Berlin	100,0		229,6	-1,5 <sup>1)</sup>
22	Digital Window Limited, London/UK	50,1	56	19,3	7,1 <sup>1)</sup>
23	Do' an TV Holding A.S., Istanbul/Turkey	19,9	21	-	-
24	Dreizehnte "Media" Vermögensverwaltungsgesellschaft mbH, Hamburg	100,0		-5,4	-0,1 <sup>2)</sup>
25	Editions Mondadori Axel Springer (EMAS) S.E.N.C., Montrouge Cedex/France	50,0	9	6,7	6,6 <sup>1)</sup>
26	EMAS Digital SAS, Neuilly-sur-Seine/France	50,0	9	12,0	0,0 <sup>1)</sup>
27	Finanzen Corporate Publishing GmbH, Berlin	100,0		-11,6	-0,2 <sup>2)</sup>
28	gamigo AG, Hamburg	100,0	14	2,2	-2,3 <sup>1)</sup>
29	Gofeminin.de GmbH, Cologne	100,0	4	10,1	1,6 <sup>1)</sup>
30	Hammerich & Lesser Zeitschriften- und Buchverlag GmbH, Hamburg	100,0		2,2	-0,2 <sup>2)</sup>
31	Idealo Internet GmbH, Berlin	74,9	14	18,0	17,9 <sup>1)</sup>
32	Immonet GmbH, Hamburg	100,0		17,7	-17,2 <sup>1)</sup>
33	Les Publications Grand Public S.A.S., Neuilly-sur-Seine/France	100,0	9	4,8	-1,5 <sup>1)</sup>
34	Marmiton SAS, Paris/France	100,0	4	4,1	1,4 <sup>1)</sup>
35	Poliris S.A.S., Paris/France	93,0	45	4,4	1,1 <sup>1)</sup>
		7,0	36		
36	PressImmo On Line S.A.S., Paris/France	100,0	45	73,2	28,5 <sup>1)</sup>
37	PRINOVIS Ltd. & Co. KG, Hamburg	25,1		-	-
38	Ringier Axel Springer CZ a.s., Prague/Czech Republic	100,0	40	43,9	16,9 <sup>1)</sup>
39	Ringier Axel Springer d.o.o., Belgrade/Serbia	100,0	40	14,8	5,2 <sup>1)</sup>
40	Ringier Axel Springer Media AG, Zurich/Switzerland	50,0	2	372,9	30,3 <sup>1)</sup>
41	Ringier Axel Springer Polska Sp. z o.o., Warsaw/Poland	100,0	40	51,6	-9,0 <sup>1)</sup>
42	Ringier Axel Springer Print CZ a.s., Prague/Czech Republic	100,0	38	23,4	5,7 <sup>1)</sup>
43	Ringier Axel Springer Slovakia a.s., Bratislava/Slovakia	100,0	40	35,1	6,5 <sup>1)</sup>
44	Schwartzkopf TV-Productions GmbH & Co. KG, Hamburg	100,0	13	3,7	1,2 <sup>1)</sup>
45	SeLogger.com SA, Paris/France	99,7	2	182,1	-5,0 <sup>1)</sup>
46	SmartAdServer SAS, Paris/France	100,0	4	9,2	1,9 <sup>1)</sup>
47	Smarthouse Media GmbH, Karlsruhe	91,0		3,8	6,2 <sup>1)</sup>
48	StepStone AS, Oslo/Norway	100,0	51	377,0	-3,1 <sup>1)</sup>
49	StepStone B.V., Leiden/Netherlands	100,0	48	-4,0	-0,7 <sup>1)</sup>
50	StepStone Deutschland GmbH, Dusseldorf	100,0	51	27,9	43,1 <sup>1)</sup>
51	StepStone GmbH, Berlin	100,0	14	363,3	34,2 <sup>1)</sup>
52	StepStone Ltd., Cork/Ireland	100,0	48	0,0	17,0 <sup>1)</sup>
53	Ullstein GmbH, Berlin	100,0	15	11,5	2,7 <sup>1)</sup>
54	Viviana Investments Sp. z o.o., Warsaw/Poland	100,0	41	7,8	0,9 <sup>1)</sup>
55	WBV Wochenblatt Verlag GmbH, Hamburg	100,0		75,8	5,3 <sup>1)</sup>
56	ZANOX.de AG, Berlin	52,5	14	57,6	23,7 <sup>1)</sup>

<sup>1)</sup> Equity and net income in accordance with International Financial Reporting Standards for including in the consolidated financial statements of Axel Springer AG as of December 31, 2011.

<sup>2)</sup> Equity and net income as of December 31, 2010.

### ***(23) Declaration of Conformity with the German Corporate Governance Code***

Axel Springer AG has made 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 Corporation Act (Aktiengesetz – AktG) permanently available on the Company's website under [www.axelspringer.de](http://www.axelspringer.de) → Investor Relations → Corporate Governance. The declaration of conformity is also published in the Company's 2011 annual report.

### ***(24) Duty of disclosure concerning investments***

The number of shares with voting rights as well as the share of voting rights respectively cited in the notifications below each relate to the date on which the notifications were submitted. We would like to point out in particular that a 1:3 stock split was carried out effective May 31, 2011, which tripled the number of shares.

Deutsche Bank AG, Frankfurt am Main, notified us in October 2011 in accordance with sections 21 (1) and 24 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) in conjunction with section 32 (2) of the German Investment Act (Investitionsgesetz – InvG) that the share of Axel Springer AG's voting rights attributable to its subsidiary DWS Investment GmbH, Frankfurt am Main, fell below the threshold of 3 % on September 16, 2011, and amounts to 2.965 % (2,933,511 voting rights).

Deutsche Bank AG, Frankfurt am Main, noticed us in August 2011 in accordance with sections 21 (1) and 24 WpHG in conjunction with section 32 (2) InvG that the share of Axel Springer AG's voting rights attributable to its subsidiary DWS Investment GmbH, Frankfurt am Main, exceeded the threshold of 3 % on August 25, 2011, and amounts to 3.002 % (2,969,961 voting rights).

Friede Springer GmbH & Co. KG, Berlin, informed us in January 2006 in accordance with sections 21 ff. WpHG that at midnight on December 31, 2005/January 1, 2006, 12 a.m. its share of Axel Springer AG's voting rights had

exceeded the threshold of 50 % and simultaneously also the thresholds of 5 %, 10 %, and 25 % and amounts to around 59.82 % (this corresponded to 20,337,710 shares with voting rights with respect to Axel Springer AG's share capital totaling 34,000,000 shares with voting rights). Friede Springer GmbH & Co. KG holds voting rights totaling 50.0000294 % as a result of the attribution of voting rights held directly by Axel Springer Gesellschaft für Publizistik GmbH & Co. (corresponds to 17,000,010 shares with voting rights) in accordance with section 22 (1) sentence 1 no. 1 WpHG, and the attribution of voting rights amounting to 9.82 % held as treasury shares (corresponds to 3,337,700 shares) by Axel Springer AG in accordance with section 22 (1) sentence 1 no. 1 WpHG.

Friede Springer Verwaltungs GmbH, Berlin, informed us in January 2006 in accordance with sections 21 ff. WpHG that at midnight on December 31, 2005/January 1, 2006, 12 a.m. its share of Axel Springer AG's voting rights had exceeded the threshold of 50 % and simultaneously also the thresholds of 5 %, 10 %, and 25 % and amounts to around 59.82 % (this corresponds to 20,337,710 shares with voting rights with respect to Axel Springer AG's share capital totaling 34,000,000 shares with voting rights). Friede Springer Verwaltungs GmbH holds voting rights totaling 50.0000294 % as a result of the attribution of voting rights held directly by Axel Springer Gesellschaft für Publizistik GmbH & Co. (corresponds to 17,000,010 shares with voting rights) in accordance with section 22 (1) sentence 1 no. 1 WpHG, and the attribution of voting rights amounting to 9.82 % held as treasury shares (corresponds to 3,337,700 shares) by Axel Springer AG in accordance with section 22 (1) sentence 1 no. 1 WpHG.

AS Publizistik GmbH, Berlin, informed us in accordance with section 41 (2) sentence 1 WpHG in January 2006 that its share of Axel Springer AG's voting rights amounted to 50.0000294 % on April 1, 2002 (corresponding to 17,000,010 shares with voting rights with respect to Axel Springer AG's share capital totaling 34,000,000 shares with voting rights). The voting rights

are attributable to AS Publizistik GmbH in accordance with section 22 (1) sentence 1 no. 1 WpHG.

Tweedy, Browne Company LLC, New York, USA, informed us in November 2003 and corrected in August 2004 that it had exceeded the voting rights threshold of 5 % on November 6, 2003, and that the share of voting rights attributable to it amounted to (rounded) 5.75 %, corresponding to 1,955,211 of a total of 34,000,000 registered shares with limited transferability and voting rights in Axel Springer AG. The voting rights are attributable to it in accordance with section 22 (1) no. 6 WpHG.

Dr. h.c. Friede Springer, Berlin, informed us in January 2003 in accordance with section 21 (1) WpHG that her share of Axel Springer AG's voting rights exceeded the threshold of 50 % on October 11, 2002, and has amounted to 60.4 % ever since. 55.4 % of these voting rights are attributable to her in accordance with section 22 (1) sentence 1 no. 1 WpHG. In addition, Dr. h.c. Friede Springer, Berlin, informed us in January 2003 in accordance with section 41 (2) sentence 1 WpHG that 50 % of the voting rights and 10 shares in Axel Springer AG were attributable to her on April 1, 2002. Accordingly, 50 % of the voting rights and 10 shares are attributable to her in accordance with section 22 (1) sentence 1 no. 1 WpHG.

Axel Springer Gesellschaft für Publizistik GmbH & Co., Berlin, informed us in April 2002 in accordance with section 41 (2) WpHG that 50.0000294 % (equals 50 % and 10 shares) of the voting rights in Axel Springer Verlag AG, Berlin, were attributable to it.

### ***(25) Profit utilization proposal***

The Supervisory Board and Management Board recommend using an amount of € 167.6 million from the distributable profit in the amount of € 168.2 million (PY: € 158.3 million) for the distribution of dividends for the 2011 fiscal year in the amount of € 1.70 (PY: € 4.80, which corresponds to a calculated dividend of € 1.60 taking into account the stock split which has since been carried out) per qualifying share and to place the remaining amount of € 0.6 million in the other retained earnings.

The profit utilization proposal reflects the Company's treasury shares, which are not entitled to receive dividends. The number of shares entitled to receive dividends can change before the date of the annual shareholders' meeting, in which case an adjusted profit utilization proposal will be presented to the annual shareholders' meeting based on an unchanged distribution of € 1.70 per qualifying share.

### ***(26) Responsibility Statement***

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the combined management report of the Company and Axel Springer Group 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, February 21, 2012

Axel Springer Aktiengesellschaft



Dr. Mathias Döpfner



Jan Bayer



Ralph Büchi



Lothar Lanz



Dr. Andreas Wiele

# Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the combined management report of the Axel Springer Aktiengesellschaft and Axel Springer Group of Axel Springer Aktiengesellschaft, Berlin, for the fiscal year from January 1 to December 31, 2011. The maintenance of the books and records and the preparation of the annual financial statements and combined management report of the Axel Springer Aktiengesellschaft and Axel Springer Group in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the combined management report of the Axel Springer Aktiengesellschaft and Axel Springer Group based on our audit.

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

cial statements and combined management report of the Axel Springer Aktiengesellschaft and Axel Springer Group. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The combined management report of the Axel Springer Aktiengesellschaft and Axel Springer Group is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Berlin, February 22, 2012

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft



Plett  
Wirtschaftsprüfer  
[German Public Auditor]



Glöckner  
Wirtschaftsprüfer  
[German Public Auditor]