



Thomas-B. Quaas
Executive Board Chairman
Beiersdorf AG, Hamburg

**Report to the Annual General Meeting of Beiersdorf AG,
Hamburg on April 30, 2008**
(Check against delivery)

Dear Shareholders,
Ladies and Gentlemen,

On behalf of the Executive Board of Beiersdorf AG, I would like to welcome you to the Annual General Meeting of our Company.

We are delighted that you have come to the Congress Centrum in Hamburg to hear about the Beiersdorf Group's business developments and its strategic plans, and to resolve on a number of important issues.

To start with, I would like to say a few words regarding the agenda for today's Annual General Meeting. Then I will give you an overview of fiscal year 2007. This report will cover the annual and consolidated financial statements and the combined management report for Beiersdorf AG and the Group for the past fiscal year, as well as the Executive Board's explanatory report on the disclosures in accordance with takeover law contained in the management report.

I shall report in detail on business developments at the Group, as well as on the tesa and Consumer business segments. Most of all, I would like to tell you about our successes in implementing our *Consumer Business Strategy*, which was unveiled in November 2005 and is entitled "*Passion for Success*."

Lastly, I would also like to give you a brief outlook on the current fiscal year.

A. Agenda of the Annual General Meeting

To start with, let us look at the agenda for today's Annual General Meeting.

In agenda items 2 to 5, we are asking you to approve the appropriation of profits, to formally approve the actions of the members of the Executive Board and Supervisory Board, and to elect the auditors.

In agenda item 6, we are asking you to renew the authorization to purchase and utilize our own shares – something that has been standard practice for years at nearly all major listed companies – since the current authorization expires this year. This is intended to continue to enable the Company to acquire own shares if it were to reduce its holdings of them in the future. You can find the relevant report by the Executive Board on pages 14 to 18 of the Invitation to the Annual General Meeting.

Finally, in agenda item 7 we request your approval for a profit and loss transfer agreement between Beiersdorf AG and its wholly-owned subsidiary, Beiersdorf Manufacturing Hamburg GmbH. More information on this profit and loss transfer agreement is available here in front of the stage, to the left of the lectern.

You can find all further details on the proposed resolutions in the invitation to the Annual General Meeting.

That completes our brief look at the agenda for today's meeting.

B. Developments in 2007

Ladies and Gentlemen, I would now like to address developments in 2007.

Our sales grew by 9.1% after adjustment for currency translation effects (compared with 7.3% in the previous year). The *Consumer* business segment increased sales by 9.3% (compared with 7.2% in the previous year). This excellent figure is significantly above the market growth rate of 3 – 4%. tesa also continued on its successful path, growing by 8.1% to match last year's strong

performance (8.2%). At current exchange rates, i.e., excluding adjustments for currency translation effects, Group sales rose by 7.6% to €5.5 billion.

Growth in EBIT, or earnings before interest and taxes, outpaced sales again. Excluding the one-time expense for the realignment of the entire supply chain from procurement and production through to logistics, our EBIT rose by 14.7% to €684 million. Both business segments contributed to this improvement. As a result, the EBIT margin rose from 11.7% in the previous year to 12.4%.

Ladies and Gentlemen,

These figures crown our anniversary year 2007.

They show that Beiersdorf continues to be highly successful after 125 years.

Both business segments recorded equally strong growth. This was achieved organically, as the acquisition of C-BONS Hair Care in China and the purchase of the remaining 50% of the capital in Beiersdorf AG Switzerland are not yet contained in the excellent 2007 figures. These acquisitions will be included in our numbers for the first time in 2008.

I am especially pleased that the strategies we have pursued in both business segments have proven to be the right ones.

Not only have we boosted our Company's growth in the long term, we have also vigorously and systematically implemented the necessary changes in procurement, production and logistics at the same time.

This demanded the full commitment of our employees. In addition to their increased workloads, they also had to face and master emotionally difficult topics.

I therefore would like to express my sincere appreciation of, and heartfelt thanks to, all Beiersdorf staff.

After this overview, I would now like to go into detail about our business development.

First of all, some information on the Group's performance:

The Group reported profit after tax of €442 million, significantly below the prior-year figure of €668 million. However, this is because last year's earnings included profit after tax of €361 million from the sale of the equity interest in BSN medical. Excluding such special factors, which include the expenses for the realignment of the supply chain I have already mentioned, the Group's profit after tax rose from €387 million to €486 million in the past year. This represents a sizeable increase of €100 million.

Together with the Supervisory Board, we are therefore proposing a dividend of 70 cents per share; this corresponds to an increase of 10 cents, or 17%, per share.

Our cash and cash equivalents fell only slightly as compared with the previous year. Expenses for the acquisition of a majority shareholding in C-BONS Hair Care in China and the increase of our holding in Beiersdorf AG (Switzerland) were offset by strong cash flows from operating activities. This gives us a good starting position for additional growth – both organic and, potentially, accretive. Of course, we also want to enable you, our shareholders, to benefit appropriately from our Company's increased earnings, both via the dividend and via the further increases in the share price that we hope to see.

Based on the current price of €51 per share, Beiersdorf AG has a market capitalization of approximately €13 billion. It is therefore one of the largest heavyweights in the MDAX stock exchange. Our shares continued to perform well in the past year: The share price rose from €49.12 per no-par value share at the beginning of 2007 to €53.00 by the end of the year. This means Beiersdorf shares outperformed the German stock market as measured by the DAX and MDAX.

I think this gives us good reason to continue regarding Beiersdorf as a reliable growth stock.

Ladies and Gentlemen,

The annual report, which contains the consolidated financial statements and the combined management report for Beiersdorf AG and the Group, and the annual financial statements and management report of Beiersdorf AG, which were published separately, have been made available to you in accordance with item 1 on the agenda. In addition, the explanatory report by the Executive Board on the information in accordance with takeover law contained in the management report has been made available to you.

The annual and consolidated financial statements and the related management reports were granted unqualified audit opinions by the auditors, Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft.

To conclude my comments on the Group as a whole, I would like to mention that Beiersdorf AG continues to follow all recommendations laid down by the German Corporate Governance Code.

I will now turn to the two business segments Consumer and tesa, starting with tesa:

With sales of €846 million and growth of 8.1% at constant exchange rates, tesa kept up the fast pace of the previous year. This means it grew twice as fast as the overall market. In other words: We gained market share and strengthened our global market position.

But that's not all: tesa also generated a double-digit return on sales of 10.4% for the first time. This represents a new record since tesa became independent 7 years ago. This success can also be described another way: sales and earnings momentum has consistently increased. In these 7 years, tesa has improved its return on sales by an average of more than one percentage point per year – an exemplary track record that shows that our positioning and strategy are correct.

I would like to take a closer look at three of our success factors in particular.

1. The establishment of a global business structure and the expansion of the Company's presence in growth markets.
2. Our systematic orientation on technology and innovation.
3. The establishment of new forward-looking business segments.

First, let us look at the establishment of a global business structure:

Today, tesa has its own affiliates in all countries that are important to our business. This puts us in a position to offer our global customers our full spectrum of services in every country. With three international development centers in Hamburg, Singapore, and Shanghai and ten production facilities in Europe, America, and Asia, we are among the winners of globalization. In close cooperation with local customers, tesa can identify new trends early on while also supporting their global implementation. The numbers here also speak for themselves. For example, tesa grew by 23.5% in the past year in China alone.

The second key success factor is our technological strength. It has made tesa an expert partner for industrial customers. Our product systems increase the speed of our customers' processes and their cost-effectiveness.

Thanks to this innovative capability, tesa is able to operate in high-quality product segments and achieve higher margins.

The third success factor is our ability to enter new business segments, such as laser technology or security technology.

tesa now generates sales in the double-digit millions with these technologies and has a rapidly growing customer base. Other new business segments such as medical technology are also on the horizon.

These three aspects, ladies and gentlemen, describe key success factors for tesa's business. We believe that tesa's global organization, the strength of its technology, and its ability to enter new business segments offer excellent prospects for the business segment's future development as well.

That rounds off our look at what I believe is the extremely encouraging situation and prospects at tesa. A warm thank you and my compliments to all tesa AG employees.

At this point I would also like to inform you of a change in tesa AG's Executive Board.

Dieter Steinmeyer will retire from his position as Chief Executive Officer of tesa AG effective September 30 for reasons of age and will join the Supervisory Board. The Supervisory Board appointed his successor Thomas Schlegel in a meeting last Thursday.

Thomas Schlegel (52) began his career in 1982 at the former tesa Division of the Beiersdorf Group. The industrial economics graduate held various positions in marketing and sales in both the consumer and the industrial business. As regional manager, he played a major role in establishing tesa's successful business activities in Asia. Mr. Schlegel currently manages tesa's business in Southwest Europe. We would like to wish him every success for the future.

In particular, though, I would like to take the special opportunity offered by this Annual General Meeting to thank Mr. Steinmeyer for his many years of work for Beiersdorf and tesa. Mr. Steinmeyer, you are the creator and guarantor of the success story I have just reported on and you deserve praise and thanks from us all.

Now I would like to speak about our Consumer business:

Growth was extremely encouraging in this segment as well. Sales climbed by 7.7% to €4.6 billion. At constant exchange rates, this actually corresponds to an increase of 9.3%. EBIT (without special factors) improved by almost 14% in the same period to €596 million. The return on sales therefore rose from 12.1% to 12.8%.

A major contributing factor to this success was the Consumer Business strategy we have pursued since 2005. Since that time, we have focused all of our resources on achieving a global market share of 5.5% by 2010. This strategic program is based on four cornerstones, which are:

- Superior brands,
- Superior supply chain,
- Regional focus and
- Superior talent in a lean organization.

In regard to our first milestone, our superior brands, we have achieved two major milestones in the past year in brand management and innovation management.

Firstly, we launched a new groundbreaking communication platform for our global NIVEA brand. The "Beauty is..." campaign embodies a change in the NIVEA brand away from skin care and towards skin and beauty care. The consumer insight behind this is applicable worldwide: Beauty is not just about how you look, but also about how you feel and who you are. NIVEA does not want to impose a beauty ideal on consumers, but rather to encourage them to feel free to embody and live their own beauty ideal.

This campaign represents a careful modernization of the NIVEA brand, opening it up to additional growth potential, e.g., in hair care. Our aim is to achieve a uniform presence across all product categories and media. Worldwide. By the end of this year, the campaign will have been rolled out in over 60 countries.

Secondly, we have established three new and fully integrated global processes. Our aim here is to drive forward product innovations in an even more precise, more focused, and more efficient way. The first subprocess is focused on systematically generating information on the consumers in our markets. The second part of the process involves using this information to develop superior product concepts. And in the third part of the process, these product concepts are developed to the point of market launch efficiently and quickly.

In short: We want to work **in a more focused manner, on a larger scale, better and faster**. The following performance indicator shows just how serious we are about this: We cut the number of our innovation projects from 500 in 2005 to 320 in the past year. This placed a much stronger focus on key themes caused average sales per product to rise substantially. This is one reason why we were able to grow significantly and an excellent example of "less is more!"

Prominent examples of successful marketing initiatives in 2007 are NIVEA VISAGE Oxygen Power for oxygen-fresh skin and NIVEA Hair Care Straight & Easy for perfectly straight hair.

In addition, we set clear priorities in 2007, systematically aligning them with the brand portfolio we introduced in 2006. On the one hand, this means we are also targeting our investments in research & development more selectively. On the other, we have defined in detail the brand groups that are the priorities for investment in our various regions. This enables us to deploy our resources optimally and to maximum effect.

In stores, we present our brands and in particular our innovations in an extremely attractive and compelling manner – to use the buzzword, we "showcase" them. For example, we leveraged our cosmetics expertise in discussions with many of our retail partners and worked with them to redesign their cosmetics departments. This has significantly increased sales for both parties.

In addition to NIVEA, our Eucerin brand, which is sold via pharmacies, and our la prairie brand in the area of exclusive cosmetics also performed outstandingly, with sales increases of 19% and 14% respectively. Eucerin gained significant market share in pharmacies thanks not least to the continued success of our "Hyaluron Filler" innovation. And the new "Pure Gold" product from la prairie exceeded all expectations in the exclusive cosmetics segment.

We are vigorously driving forward our regional growth by specially targeting concepts to consumer wishes. Whitening deodorants in Thailand or face care products specially tailored to Chinese female consumers are just two examples that are helping us to significantly increase our market share in the regions.

Ultimately, our main objective is to expand the positioning of our brands worldwide, thereby strengthening the quality of our business. And we are recording consistent success. Last year, NIVEA was again the number one – the global leading brand in the entire skin and beauty care segment. Sales expressed in terms of consumer prices were a good €5.7 billion.

That concludes strategy cornerstone number 1, our superior brands.

I will now turn to

cornerstone No. 2, a superior supply chain.

We can report significant improvements in this area as well. Three years ago, we began completely realigning our supply chain to optimize our material flows, procurement, production, and logistics.

The goal of these measures is a globally managed production, warehousing, and logistics chain with perfectly coordinated steps. After all, dependable and rapid deliveries to our retail partners and consumers are one of the foundations of our success.

Thanks to the restructuring of our European production network, which is now at an advanced stage, we are left with a small number of large, optimally utilized locations. Production expertise is now bundled and the focus of individual facilities on certain product and process technologies will increase our innovation potential significantly in future. In addition, we have now begun to optimize our consumer supply chain in other regions such as Asia.

In this context, I would like to emphasize one thing again: Our employees have successfully mastered the challenges of enormous growth on one hand and the extensive changes and exceptional strains associated with these on the other. This was an outstanding achievement that demonstrates their excellent attitude to their work, and is worthy of our sincere thanks.

At the same time that we have reached the optimization phase of our production restructuring process, the restructuring of our logistics network is continuing. In this area, we are concentrating on establishing large product distribution centers that serve customers in multiple countries. An example of this is our logistics location in Hamburg, a key hub that also delivers to customers in the Netherlands and Belgium. We have found an expert partner for this in Kühne + Nagel.

We benefit from such cooperative arrangements with powerful logistics specialists in a number of ways: Firstly, these partners have state-of-the-art technologies. Secondly, they can bundle goods flows across different regions and guarantee market-oriented, rapid delivery thanks to global warehouses. And thirdly, we can concentrate on our core competency – developing and marketing skin and beauty care products.

We now have to do a lot of labor-intensive fine-tuning. This includes further optimizing our global processes and interfaces along the value added chain, which also requires the introduction of a new, uniform IT infrastructure. This infrastructure ensures information is made available in real time, that the necessary transparency exists and that we can therefore react fast.

All of these measures are not just making us more productive. They also – and above all – allow us to react much more flexibly to changes in the market and therefore to satisfy the requirements of our retail partners faster: from reducing inventories and ensuring short restocking times through to reducing tied-up capital and performing additional services desired.

We also have high hopes for our procurement optimization. We have created the organizational and technical requirements for central management of our global procurement activities. In this way, we can fully exploit potential on the international procurement markets, minimize risks, and improve our added value.

Ladies and Gentlemen,

Let me end this section by providing you with the relevant figures: The realignment of our Consumer Supply Chain requires one-time investments of less than €200 million. This amount will be offset by forecast annual savings of approximately €100 million from 2009 onwards. In addition, we have reduced tied-up capital by around 13% in the past five years, while sales have risen significantly. Our employees have worked hard for these results, and continue to do so, but it is worth it. In this way, we can ensure the long-term preservation of jobs, retailers view us as an expert partner, consumers see that we reliably fulfill their wishes, and Beiersdorf can use the money it has saved to invest in the further growth of its successful brands or in acquisitions.

This leads into the third

cornerstone of our strategic program, our regional focus.

Focusing on the key markets of China, Russia, Brazil and India again proved to be a correct and successful strategy in 2007. We lifted our sales by 35.4% (adjusted for currency translation effects) in these four countries.

The sales increase in China was even greater, at a good 45%. Sales generated by C-BONS Hair Care are not yet included in this figure.

Last year I informed you of the status of negotiations with C-BONS Holding. Today I am pleased to announce that this strategically important topic has been executed as well.

We completed the acquisition of an 85% share in C-BONS Hair Care on December 5, 2007. At our request, the former owner, who now holds the remaining 15% of the capital, is supporting us for a transitional period to ensure the seamless integration of the company into our Group. This purchase establishes a solid cornerstone for our business in China alongside our skin care activities, which our NIVEA Shanghai affiliate is pursuing with great success.

As a result, Beiersdorf's size in the Chinese growth market has doubled in one go. Our local employees are now working enthusiastically to bridge cultures and transform market opportunities into market share.

We also acquired the remaining 50% of the shares in our Swiss affiliate Beiersdorf AG, Münchenstein, in the fall. The company was founded in 1977 and operated as a joint venture with the Doetsch Grether Group Basel until now. I would like to emphasize at this point that this joint venture was a success story to the end, and that it will continue to be one as a wholly-owned Beiersdorf affiliate.

Ladies and Gentlemen, 2007 was thus a year that saw the successful completion of two key international acquisition projects.

However, the fourth and most important cornerstone of our strategy is the Beiersdorf Group's employees.

It is extremely motivating, ladies and gentlemen, to see how our employees all over the world have bought into this strategy and how they are implementing it with great enthusiasm and success. I am thoroughly convinced that this is the secret of our success story. However, this does not happen automatically.

We make every effort to create a corporate culture that is probably unique in comparison with our competitors. A key element of this culture is the strong emotional identification our employees have with our Company, our brands, and our consumers. This closeness to the market and the consumer, combined with our innovative ability, are thus our recipe for success, but they are equally not the result of chance. We work constantly on these topics and train ourselves in them, too.

For example, we trained 1,000 employees worldwide last year in the application and implementation of all our processes for closeness to consumers and innovation.

This identification with the Company on the one hand, accompanied by our increasing focus on the competition in our daily drive for success in all areas of our Company on the other, are what makes Beiersdorf special. Everyone at the Company tries to live this vision, from the managers through to our youngest employees, the vocational trainees. Incidentally, Beiersdorf AG again increased the number of traineeships on offer in the past year.

To this extent, our actions are not determined by economic success alone. Fair and considerate treatment of our employees, social commitment, and active environmental protection are also important to us. These will allow us to remain in the future what we are today: a company that people can trust, that people enjoy working for, and that people are also proud of.

Please allow me give you some examples of this:

1. Beiersdorf and its founders were already practicing social responsibility at the beginning of the 20th century. They set up a works kindergarten, improved working hours, and introduced maternity leave and paid holiday.
2. Beiersdorf has sponsored the "Jugend forscht" (Young Researchers) competition for 30 years. We have supported and advised the competition at the state level every year to date. In 2007, our 125th anniversary, we hosted the national competition.
3. NIVEA has supported the German lifesaving organization DLRG (Deutsche Lebens-Rettungs-Gesellschaft) in its volunteer work for almost 50 years. Beiersdorf has donated almost 100 rescue boats to date. On June 6, 2008, we will award the NIVEA Dolphin – the German water rescue award – to DLRG volunteers for the twentieth time. Together with the DLRG, we conduct educational campaigns entitled "Safety in and by the water" in German kindergartens.
4. And fourthly an example from Brazil: Casa NIVEA. 80 orphans have found a new home in Casa NIVEA thanks to Beiersdorf's support. They live there and receive a healthy diet and vocational training.

Ladies and Gentlemen,

We established the Sustainability Advisory Board (SAB) in 2005 to fulfill our responsibilities even better. This advisory body of highly-qualified experts coordinates our sustainability activities on a

global level. It sets goals and drives forward the implementation of the measures resolved at Beiersdorf.

In this context, we developed sustainability guidelines that are applicable across all departments in the past year. We are publishing them today together with the update of our online sustainability report. This is an important step for us. We want to create a uniform and shared understanding of sustainable activities throughout the entire Company.

Our colleagues manning the "Sustainability at Beiersdorf" stand in the foyer will be happy to supply further information.

Ladies and Gentlemen,

This concludes my report on a truly eventful, but also extremely successful, 2007.

C. Outlook for Fiscal Year 2008

I would now like to turn to current developments and the outlook for 2008.

A brief summary: We are continuing to make good progress and ended the first quarter with good results in both segments.

In particular, we again increased the sales of our core NIVEA brand significantly. NIVEA enjoys a the highest level of confidence and was just voted number one in the Reader's Digest "*Most Trusted Brands*" survey for the eighth time in a row.

We shall publish detailed figures for the first quarter on May 6 in our interim report, as planned.

This good start, ladies and gentlemen, confirms the outlook for the entire fiscal year that we published in our annual report: The *Consumer* business segment is planning organic sales growth of over 8% in 2008, clearly above the market. And we are forecasting the growth in EBIT from our existing business to be proportionately higher than the increase in sales. The tesa business segment is also anticipating that sales will continue to increase in excess of the market average, plus a modest improvement in the EBIT margin.

Based on the stable strategic structure I mentioned earlier, we are expecting the positive business development recorded in 2007 to continue in the medium term, by which I mean in the next few years.

Thus, we are expecting organic growth in excess of the market growth rate and a further increase in the EBIT margin.

That completes my outlook for 2008.

Ladies and Gentlemen,

I would like to take this opportunity to touch on a change in our Company's Supervisory Board. As you may have learned from the press, Mr. Ammer has stepped down as Chairman of our Supervisory Board with effect from the end of this Annual General Meeting. I would like to thank you, Mr. Ammer, warmly for your hard work, for our constructive and pleasant working relationship, and for your generous support. We are extremely glad that you intend to continue to accompany Beiersdorf AG on its successful path, and to help shape this, as a regular member of the Supervisory Board. We are looking forward to continuing working with you.

Ladies and Gentlemen, I am also pleased that the Supervisory Board has appointed Professor Reinhard Pöllath as Chairman of the Supervisory Board effective as of the end of this Annual General Meeting. This also guarantees continuity and reliability in the work of the Supervisory Board. Mr. Pöllath, I would like to extend a warm welcome to you as Chairman of the Supervisory Board. Here's to productive cooperation!

Ladies and gentlemen, let me conclude with the following summary:

Beiersdorf AG is excellently positioned for future development. Building on a stable foundation, we are working hard to systematically implement our strategy.

Realigning key processes and increasing our business in growth markets will enable us to grow and become more profitable simultaneously. In this way, we are expanding Beiersdorf into a globally leading company for skin and beauty care. Our success is based on closeness to people: to our employees, our retail and business partners and, of course, to our consumers in particular.

In this way, we intend to further increase the value of our brands and naturally the value of your Company, Beiersdorf, too.

Thank you for your attention.