Joint report by the Executive Board of Beiersdorf Aktiengesellschaft and the Management of Beiersdorf Manufacturing GmbH, Hamburg, on the Profit Transfer Agreement dated February 1, 2008 between the above-mentioned companies

In order to inform their shareholders and in preparation for the resolution at the Annual General Meeting of Beiersdorf Aktiengesellschaft, Hamburg (hereinafter referred to as “BDF”) and at the Shareholders’ Meeting of Beiersdorf Manufacturing Hamburg GmbH, Hamburg (hereinafter referred to as “BMH”), the Executive Board of BDF and the Management of BMH hereby jointly report the following on the profit transfer agreement between BDF and BMH, in accordance with § 293a *Aktiengesetz* (German Stock Corporation Act):

1. Signature of the agreement; entry into force

The profit transfer agreement between BDF and BMH was signed on February 1, 2008. It will be submitted to the ordinary Annual General Meeting of BDF on April 30, 2008 for approval in accordance with § 293 (2) *Aktiengesetz* (German Stock Corporation Act). Furthermore, the agreement requires the approval of the Shareholders’ Meeting of BMH and entry into the commercial register at the domicile of BMH to take effect. It will apply retroactively as from January 1, 2008.

2. Explanation of the profit and loss transfer agreement

a) The profit transfer agreement includes the following main provisions:

Within the duration of the profit transfer agreement BMH is obliged to transfer all of its profits to BDF. The profit after tax generated without the profit transfer, less any loss carryforward and the amount to be allocated to the legal reserve, must be transferred. BMH can appropriate funds from the profit after tax to other retained earnings (according to § 272 (3) *Handelsgesetzbuch* (German Commercial Code)) only with the approval of BDF. BDF undertakes to grant such approval provided that this is permissible under the German Commercial Code and is economically justified in accordance with prudent business practice. Other retained earnings according to § 272 (3) *Handelsgesetzbuch* (German Commercial Code) accruing during the term of the agreement must be reversed at the request of BDF and used to offset losses or transferred as profits if this is justified in accordance with prudent business practice. This provision conforms to the profit and loss transfer limits specified in § 301 *Aktiengesetz* (German Stock Corporation Act).

In accordance with § 302 *Aktiengesetz* (German Stock Corporation Act) BDF is obliged to offset any losses of BMH arising elsewise during the term of the agreement, insofar as these losses are not offset by withdrawals from the other retained earnings of amounts added during the term of the agreement.

The agreement is entered into for an indefinite period and may first be regularly terminated as of the close of December 31, 2012, with six months notice to the end of BMH´s fiscal year. The agreement may also be terminated extraordinarily without notice for good cause.

b) The agreement contains the usual provisions of a profit transfer agreement concluded with the aim of creating a consolidated tax group within the Group. In order that the tax advantages can be leveraged already as of January 1, 2008 the parties agreed to a retroactive effect of the contract. To achieve the recognition as a consolidated tax group, the contract had to be concluded for a minimum term of 5 calendar years.

At the time of the signature of the profit transfer agreement, BDF was, and currently is, the sole shareholder of BMH. For this reason, no compensation in accordance with § 304 *Aktiengesetz* (German Stock Corporation Act) or settlement payments in accordance with § 305 *Aktiengesetz* (German Stock Corporation Act) have to be made to outside shareholders by BDF. No audit of the profit transfer agreement in accordance with § 293b *Aktiengesetz* (German Stock Corporation Act) was necessary, as BDF holds all shares of BMH.

3. Background and purpose of the profit transfer agreement

BMH was founded as a wholly-owned BDF subsidiary on May 16, 2007 and was registered in the Commercial register of the local court of Hamburg under HRB 101220 on June 1, 2007. Since formation BMH had a registered capital of EUR 25,000. On December 17, 2007 the Shareholders` Meeting of BMH decided to increase the registered capital to EUR 1 Million against cash consideration. The new share was subscribed for by BDF.

BMH did not perform any business activities until December 31, 2007. During this period only administrative costs occurred. The annual net profit for fiscal year 2007 was EUR 595.15. Revenues were not generated.

As of January 1, 2008 BMH took over the production of BDF located in Hamburg as well as the respective personnel and manufactures cosmetics and skin care products. The measure is part of the realignment of the Beiersdorf Supply Chain within the project SCOPE.

BMH’s purpose of business is the manufacturing and distribution as well as the trade with cosmetics and skin care products.

The aim of this profit transfer agreement is to create a consolidated tax group between BDF and BMH for corporation and trade tax purposes in accordance with §§ 14, 17 *Körperschaftsteuergesetz* (Corporation Tax Law) and § 2 (2) sentence 2 *Gewerbesteuergesetz* (Trade Tax Act). Notwithstanding the legal separation of the companies the consolidated tax group for corporation and trade tax purposes will allow BMH (the controlled company) and BDF (the parent) to be taxed together.

4. **Economic significance of the profit and loss transfer obligations and the obligations to offset losses incurred, as well as alternatives to a profit transfer agreement**

BMH is obliged to transfer its complete profit to BDF. On the other hand BDF is obliged to offset any losses incurred (elsewise) by BMH during the term of the agreement, insofar as these losses are not offset by withdrawals from the other retained earnings of BMH in accordance with § 272 (3) *Handelsgesetzbuch* (German Commercial Code) of amounts added during the term of the agreement. At present there are no indications that a claim might be asserted against BDF under the obligation to offset losses incurred. BMH only supplies associated companies of the Beiersdorf Group and obtains therefore fixed prices which normally include a profit margin beside the cost recovery. However, no assurance can be given that an obligation to offset losses incurred will not arise in future accounting periods.

There was no economically prudent alternative to the signature of the profit transfer agreement between BDF and BMH with which the above-mentioned aims could have been realized to the same or greater extent.

Hamburg, February 6, 2008	Hamburg, February 6, 2008
Beiersdorf Aktiengesellschaft	Beiersdorf Manufacturing Hamburg GmbH
Executive Board	General Manager