



Unnastraße 48
20245 Hamburg
www.Beiersdorf.com

Hamburg, March 2005

Notice to Shareholders

Dear shareholders,

This year's Annual General Meeting of our Company will be held on Wednesday, May 18, 2005 at 10.30 a.m. (doors open at 9.30 a.m.) in the Congress Centrum Hamburg, Room 2, Am Dammtor in Hamburg.

The invitation to the Annual General Meeting, together with the agenda and the motions proposed by the Executive Board and the Supervisory Board, is printed below. These were published in German on March 30, 2005 in both the electronic version of the *Bundesanzeiger* (Federal Gazette) and the printed version (issue no. 59), and can also be accessed on the Company's German website at www.Beiersdorf.de and on the English website at www.Beiersdorf.com.

As was the case last year, the Company's share capital amounts to €215,040,000.00 and is composed of 84,000,000 no-par value bearer shares. In accordance with § 71b *Aktiengesetz* (German Stock Corporation Act), the own shares held by the Company do not carry voting or dividend rights.

In accordance with agenda item 2, we are proposing to distribute a dividend for fiscal year 2004 of €1.60 per no-par value bearer share.

Agenda item 6 contains a proposed resolution for a supplementary election to the Supervisory Board.

Agenda items 7 to 10 relate to the creation of new authorized and contingent capital and the new authorization to issue convertible bonds and/or bonds with warrants, as the current authorizations expire in the middle of the year. The aim is to ensure that the Company remains in a position to implement corporate actions to promote growth and the expansion of the business quickly and flexibly in the future. Details of these measures and the reasons for them are contained in the reports by the Executive Board included with this notice.

Finally, the proposal listed under agenda item 11 provides for the routine renewal of the authorization of the Company to purchase and utilize own shares.

With best wishes

Beiersdorf AG

Dr. Rolf Kunisch

Rolf-Dieter Schwalb

You can have your parking ticket for the CCH garage stamped at the entrance to the room in which the Annual General Meeting is being held.

Registergericht Hamburg HRB 1787
Vorstand: Dr. Rolf Kunisch (Vorsitzender),
Peter Kleinschmidt, Thomas-Bernd Quaas,
Rolf-Dieter Schwalb, Uwe Wölfer
Vorsitzender des Aufsichtsrats: Dieter Ammer

Beiersdorf Aktiengesellschaft shareholders are hereby invited to attend the Company's **Ordinary Annual General Meeting** to be held **on Wednesday, May 18, 2005 at 10.30 a.m.** (doors open at 9.30 a.m.) in the Congress Centrum Hamburg, Room 2, Am Dammtor/Marseiller Strasse in Hamburg.

Agenda

1. Presentation of the adopted annual financial statements of Beiersdorf Aktiengesellschaft and the approved consolidated financial statements together with the joint management report of Beiersdorf Aktiengesellschaft and the Group for fiscal year 2004 and the report of the Supervisory Board

The above-mentioned documents are available for inspection by shareholders at the headquarters of Beiersdorf Aktiengesellschaft, Unnastrasse 48, 20245 Hamburg, Germany, and are also available on the Company's German website at www.Beiersdorf.de (see www.Beiersdorf.com for the English translation). Upon request, copies of these documents will be sent to shareholders free of charge and without delay.

2. Resolution on the utilization of net retained profits

The Executive Board and Supervisory Board propose that the net retained profits from fiscal year 2004 in the amount of €145,239,477.93 be utilized as follows:

Distribution of a dividend totaling €1.60 per no-par value bearer share carrying dividend rights (75,606,328 no-par value bearer shares)	€120,970,124.80
Transfer to retained earnings	€24,269,353.13
Net retained profits	€145,239,477.93

The shares carrying dividend rights at the time of the Executive Board's proposal on the utilization of the net retained profits have been reflected in the amounts specified for the total dividend and for the transfer to retained earnings. The own shares held by the Company do not carry dividend rights in accordance with § 71b *Aktiengesetz* (German Stock Corporation Act, *AktG*).

If the number of own shares held by the Company at the time of the resolution by the Annual General Meeting on the utilization of the net retained profits is higher or lower than at the time of the Executive Board's proposal on the utilization of the profits, the total amount to be distributed to the shareholders shall be reduced or increased by the portion of the dividend attributable to the difference in the number of shares. The amount to be appropriated to the other retained earnings shall be adjusted inversely by the same amount. In contrast, the dividend to be distributed per no-par value bearer share carrying dividend rights shall remain unchanged. If necessary, an appropriately modified draft resolution will be presented to the Annual General Meeting.

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3. Resolution on the official approval of the actions of the members of the Executive Board

The Executive Board and Supervisory Board propose approving the actions of the members of the Executive Board for fiscal year 2004.

4. Resolution on the official approval of the actions of the members of the Supervisory Board

The Executive Board and Supervisory Board propose approving the actions of the members of the Supervisory Board for fiscal year 2004.

5. Election of the auditors for fiscal year 2005

The Supervisory Board proposes that BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hamburg, be elected the auditors for fiscal year 2005.

6. Supplementary election to the Supervisory Board

It is proposed that Dr. Diethart Breipohl, who has resigned from the Beiersdorf Supervisory Board effective from the end of the Annual General Meeting on May 18, 2005, will be replaced by Dr. Rolf Kunisch. Dr. Kunisch is resigning from the Beiersdorf Executive Board with effect from the end of the Annual General Meeting on May 18, 2005. The proposal is made that the Annual General Meeting should elect him to Beiersdorf's Supervisory Board, so that the Company can continue to have access to his extensive entrepreneurial experience.

The Supervisory Board therefore proposes that:

- **Dr. Rolf Kunisch, Hamburg**

Chairman of the Executive Board of Beiersdorf AG
(until the end of the Annual General Meeting on May 18, 2005)

be elected as a member of the Beiersdorf Supervisory Board for the shareholders in accordance with § 11 (3) of the Articles of Association, with effect from the end of the Ordinary Annual General Meeting on May 18, 2005 and for the remaining term of office of the Supervisory Board, i.e. until the end of the Annual General Meeting that resolves to officially approve its activities for fiscal year 2008.

Dr. Kunisch is a member of the following statutory Supervisory Boards:

- Hamburg-Mannheimer Sachversicherungs-AG
- Hamburg-Mannheimer Versicherungs-AG
- Hermes Kreditversicherungs-AG
- Lufthansa Technik AG
- Chairman of the Supervisory Board of tesa AG (intragroup)
(until April 14, 2005)

The Supervisory Board is composed of twelve members in accordance with §§ 96 (1), 101 (1) *Aktiengesetz* (German Stock Corporation Act, *AktG*), § 7 (1) sentence 1 no. 1 of the *Mitbestimmungsgesetz* (German Co-Determination Act, *MitbestG*) and § 11 (1) of the Articles of Association of the Company. Six of these members are elected by the Annual General Meeting and six by the employees of the Company. The Annual General Meeting is not obligated to elect the proposed candidates.

The Supervisory Board proposes in addition that:

- **Dr. Andreas Rittstieg, Hamburg**
Lawyer/Rittstieg Rechtsanwälte

be elected as an alternate member for Dr. Kunisch for the duration of his term of office.

Dr. Rittstieg is a member of the following statutory Supervisory Boards:

- Keramag Aktiengesellschaft
- mg technologies ag
- Tomorrow Focus AG

7. Resolution on the cancellation of the existing Authorized Capital I in accordance with § 5 (2) of the Articles of Association, and on the creation of a new Authorized Capital I; amendment to the Articles of Association

The Executive Board and Supervisory Board propose that the following resolution be adopted:

- a) The authorization of the Executive Board, in line with § 5 (2) of the Articles of Association to increase the share capital in the period until June 19, 2005 by up to a total of €45,000,000.00, with the approval of the Supervisory Board, shall be cancelled upon the entry into force of the authorization under b) below.
- b) The Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital in the period until May 17, 2010 by up to a total of €45,000,000.00 by issuing new bearer shares against cash contributions on one or several occasions (Authorized Capital I). In this context, the dividend rights for new shares may be determined differently to the provisions of § 60 (2) *Aktien-gesetz* (German Stock Corporation Act, *AktG*).

Shareholders shall be granted pre-emptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' pre-emptive rights in the following cases:

1. to eliminate fractions created as a result of capital increases;
2. to the extent necessary to grant the holders/creditors of convertible bonds and/or bonds with warrants issued by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, pre-emptive rights to new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation.

The Executive Board is also authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation.

- c) § 5 (2) of the Articles of Association of the Company shall be amended to read as follows:

"The Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital in the period until May 17, 2010 by up to a total of €45,000,000.00 by issuing new bearer shares against cash contributions on one or several occasions (Authorized Capital I). In this context, the dividend rights for new shares may be determined differently to the provisions of § 60 (2) *Aktien-gesetz* (German Stock Corporation Act, *AktG*).

Shareholders shall be granted pre-emptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' pre-emptive rights in the following cases:



1. to eliminate fractions created as a result of capital increases;
2. to the extent necessary to grant the holders/creditors of convertible bonds and/or bonds with warrants issued by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, pre-emptive rights to new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation.

The Executive Board is also authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation."

8. Resolution on the cancellation of the existing Authorized Capital II in accordance with § 5 (3) of the Articles of Association, and on the creation of new Authorized Capital II; amendment to the Articles of Association

The Executive Board and Supervisory Board propose that the following resolution be adopted:

- a) The authorization of the Executive Board, in line with § 5 (3) of the Articles of Association to increase the share capital in the period until June 19, 2005 by up to a total of €21,000,000.00, with the approval of the Supervisory Board, shall be cancelled upon the entry into force of the authorization under b) below.
- b) The Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital in the period until May 17, 2010 by up to a total of €21,000,000.00 by issuing new bearer shares against cash contributions on one or several occasions (Authorized Capital II). In this context, the dividend rights for new shares may be determined differently to the provisions of § 60 (2) *AktG* (German Stock Corporation Act, *AktG*).

Shareholders shall be granted pre-emptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' pre-emptive rights in the following cases:

1. to eliminate fractions created as a result of capital increases;
2. to the extent necessary to grant the holders/creditors of convertible bonds and/or bonds with warrants issued by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, pre-emptive rights to new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation;
3. to issue new shares at an issue price that is not materially lower than the quoted market price of existing listed shares at the time when the issue price is finalized, which should be as near as possible to the time the shares are placed; however, in the context of the restriction of this authorization to a total of ten percent of the share capital, those shares must be included for which the pre-emptive rights of shareholders are disappplied in accordance with § 186 (3) sentence 4 *AktG* when the authorization to sell own shares is utilized, and/or when the authorization to issue convertible bonds and/or bonds with warrants is utilized.

The Executive Board is also authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation.

- c) § 5 (3) of the Articles of Association of the Company shall be amended to read as follows:

"The Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital in the period until May 17, 2010 by up to a total of € 21,000,000.00 by issuing new bearer shares against cash contributions on one or several occasions (Authorized Capital II). In this context, the dividend rights for new shares may be determined differently to the provisions of § 60 (2) *AktG*.

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Shareholders shall be granted pre-emptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' pre-emptive rights in the following cases:

1. to eliminate fractions created as a result of capital increases;
2. to the extent necessary to grant the holders/creditors of convertible bonds and/or bonds with warrants issued by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, pre-emptive rights to new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation;
3. to issue new shares at an issue price that is not materially lower than the quoted market price of existing listed shares at the time when the issue price is finalized, which should be as near as possible to the time the shares are placed; in the context of the restriction of this authorization to a total of ten percent of the share capital, those shares must be included for which the pre-emptive rights of shareholders are disappplied in accordance with § 186 (3) sentence 4 *Aktengesetz* (German Stock Corporation Act, *AktG*) when the authorization to sell own shares is utilized, and/or when the authorization to issue convertible bonds and/or bonds with warrants is utilized.

The Executive Board is also authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation."

9. Resolution on the cancellation of the existing Authorized Capital III in accordance with § 5 (4) of the Articles of Association, and on the creation of a new Authorized Capital III; amendment to the Articles of Association

The Executive Board and Supervisory Board propose that the following resolution be adopted:

- a) The authorization of the Executive Board, with the approval of the Supervisory Board, in line with § 5 (4) of the Articles of Association to increase the share capital in the period until June 19, 2005 by up to a total of €21,000,000.00, shall be cancelled upon the entry into force of the authorization under b) below.
- b) The Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital in the period until May 17, 2010 by up to a total of €21,000,000.00 by issuing new bearer shares against cash or non-cash contributions on one or several occasions (Authorized Capital III). In this context, the dividend rights for new shares may be determined differently to the provisions of § 60 (2) *AktG*.

Shareholders shall be granted pre-emptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' pre-emptive rights in the following cases:

1. to eliminate fractions created as a result of capital increases against cash contributions;
2. to the extent necessary to grant the holders/creditors of convertible bonds and/or bonds with warrants issued by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, pre-emptive rights to new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation;
3. in the case of capital increases against non-cash contributions, for the purpose of acquiring businesses or equity interests in businesses.

The Executive Board is also authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation.

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c) § 5 (4) of the Articles of Association of the Company shall be amended to read as follows:

“The Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital in the period until May 17, 2010 by up to a total of €21,000,000.00 by issuing new bearer shares against cash or non-cash contributions on one or several occasions (Authorized Capital III). In this context, the dividend rights for new shares may be determined differently to the provisions of § 60 (2) *AktG*.

Shareholders shall be granted pre-emptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders’ pre-emptive rights in the following cases:

1. to eliminate fractions created as a result of capital increases against cash contributions;
2. to the extent necessary to grant the holders/creditors of convertible bonds and/or bonds with warrants issued by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, pre-emptive rights to new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation;
3. in the case of capital increases against non-cash contributions, for the purpose of acquiring businesses or equity interests in businesses.

The Executive Board is also authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation.”

10. Resolution on the cancellation of the existing authorization to issue convertible bonds and/or bonds with warrants and of the existing contingent capital in accordance with § 5 (5) of the Articles of Association, and on the renewed authorization to issue convertible bonds and/or bonds with warrants and the creation of a new contingent capital; amendment to the Articles of Association

The Executive Board and Supervisory Board propose that the following resolution be adopted:

- a) Cancellation of the existing authorization to issue convertible bonds and/or bonds with warrants and of the existing contingent capital in accordance with § 5 (5) of the Articles of Association

The existing authorization of the Executive Board to issue convertible bonds and/or bonds with warrants granted by the Annual General Meeting on June 20, 2000 for a limited period ending on June 19, 2005 shall be cancelled upon the entry into force of the authorization under b) below. In addition, the contingent capital of up to a maximum of €40,000,000.00 in § 5 (5) of the Articles of Association shall be cancelled upon entry into force of the authorization under c).

- b) Authorization to issue convertible bonds and/or bonds with warrants

The Executive Board is authorized on one or several occasions in the period until May 17, 2010 to issue bearer and/or registered convertible bonds and/or bonds with warrants with a total principal amount of up to €1,000,000,000.00 with a term of 20 years at the most, and to grant to the holders or creditors of convertible bonds conversion rights and to the holders or creditors of bonds with warrants option rights on shares of the Company with a notional interest in the share capital of up to a total of €40,000,000.00 as specified in more detail in the terms and conditions of the convertible bonds and/or bonds with warrants.

The convertible bonds and/or bonds with warrants (bonds) may also be issued via companies in which Beiersdorf Aktiengesellschaft holds a direct or indirect majority interest; in this case the Executive Board is authorized to assume, on behalf of the Company, the guarantee for the convertible

bonds and/or bonds with warrants, and to grant the holders of such convertible bonds and/or bonds with warrants conversion or option rights on shares in Beiersdorf Aktiengesellschaft.

The intention is for the convertible bonds and/or bonds with warrants to be acquired by a credit institution or a syndicate of credit institutions, with the obligation to offer them to shareholders for subscription. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' pre-emptive rights, to the extent that it arrives, after due examination, at the opinion that the issue price of the convertible bonds and/or bonds with warrants is not materially lower than the theoretical market value calculated by recognized methods, and in particular by financial methods. However, this only applies to bonds with a conversion or option right, or with a conversion obligation for shares with a notional interest in the share capital of up to a total of ten percent of the share capital in existence at the time that this authorization comes into effect and at the time it is exercised. In this context, those shares must be included for which the pre-emptive rights of shareholders are disappplied in accordance with § 186 (3) sentence 4 *Aktiengesetz* (German Stock Corporation Act, *AktG*) when the authorization to sell own shares is utilized, and/or when Authorized Capital II is utilized. The Executive Board is also authorized, with the approval of the Supervisory Board, to eliminate fractions from shareholders' pre-emptive rights, and also to disapply pre-emptive rights to the extent necessary to grant the holders/creditors of convertible bonds and/or bonds with warrants issued by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, pre-emptive rights to new convertible bonds and/or bonds with warrants in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligations.

When convertible bonds are issued, the holders or creditors of the bonds acquire the right to convert their bonds into shares in the Company, as specified in more detail in the convertible bond terms and conditions. The conversion ratio is calculated by dividing the nominal amount of a bond by the conversion price for a share in the Company. The conversion ratio can also be calculated by dividing an issue price that is less than the nominal amount of a bond by the conversion price determined for a share in the Company. A variable conversion ratio may be foreseen, and the conversion price may be specified as falling within a range to be determined on the basis of the share price development during the term of the bond. The conversion ratio may be rounded up or down to a whole figure in all cases; an additional cash payment may also be specified. Provision may also be made for fractions to be combined and/or paid out in money. The terms and conditions of the convertible bond may create a conversion obligation at the end of the term (or at another time).

When bonds with warrants are issued, one or more warrants are attached to each bond, which entitle the holder to subscribe for shares in the Company as specified in greater detail in the option terms and conditions to be determined by the Executive Board. The interest in the share capital accounted for by the shares that can be subscribed per bond may not exceed the nominal amount of the bonds with warrants. The maximum term of the option right is 20 years.

The terms and conditions of the bond may also permit, at the Company's discretion, the convertible bonds and/or bonds with warrants to be converted into own shares of the Company instead of into new shares from contingent capital, or that options can be serviced by the delivery of such shares, and that such shares can also be granted where conversion obligations are fulfilled. Finally, the terms and conditions of the bond may also provide that, where bonds are converted or options exercised, the Company shall not grant the persons entitled to perform the conversion or exercise the option shares in the Company, but shall pay the equivalent amount in money; as specified in more detail in the bond terms and conditions, this shall correspond to the average price of Beiersdorf's shares in the closing auction on the Frankfurt Stock Exchange's Xetra trading system (or a comparable successor system) on the first to tenth stock exchange trading days before the declaration of conversion is made or the options exercised. The notional interest in the share capital of the shares to be



issued as a result of conversion or the exercise of the options may not exceed the nominal amount of the convertible bonds and/or bonds with warrants.

The conversion or option prices for a share to be determined must amount even in the case of a variable conversion ratio/conversion price to a minimum of either 80 % of the average price of Beiersdorf Aktiengesellschaft's shares in the closing auction on the Frankfurt Stock Exchange's Xetra trading system (or a comparable successor system) on the ten stock exchange trading days preceding the date of the resolution by the Executive Board on the issue of convertible bonds and/or bonds with warrants, or of 80 % of the average market price in the closing auction on the Frankfurt Stock Exchange's Xetra trading system (or a comparable successor system) on the days when the pre-emptive rights are traded on the Frankfurt Stock Exchange (with the exception of the final two days of pre-emptive rights trading).

Without prejudice to the provisions of § 9 (1) *Aktiengesetz* (German Stock Corporation Act, *AktG*), the conversion or option price shall be reduced on the basis of an antidilution clause as specified in more detail in the terms and conditions of the convertible bonds and/or bonds with warrants – by way of payment of the appropriate amount in cash when the conversion rights are exercised or the conversion obligation is fulfilled, or by way of a reduction of the additional payment, if, during the conversion or option period, the Company increases its share capital and/or issues further convertible bonds or bonds with warrants, or grants other options and in doing so grants its shareholders pre-emptive rights and the holders of the convertible bonds or warrants are not granted pre-emptive rights in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligations. Instead of a cash payment or a reduction of the additional payment, the conversion ratio may, to the extent possible, be adjusted by dividing it by the reduced conversion price. The terms and conditions of the bond may also provide for an adjustment of the conversion or option price in the case of a capital reduction or other capital measures, restructuring measures, extraordinary dividends, or other comparable measures which may lead to a dilution of the value of the shares.

The Executive Board is authorized to determine the further details of the issue and terms of the convertible bonds and/or bonds with warrants, and in particular the interest rate, issue price, term and denomination, conversion or option price, and conversion or option period, or to do so, in agreement with the executive bodies of the companies, in which Beiersdorf Aktiengesellschaft holds a direct or indirect majority interest, issuing the convertible bonds and/or bonds with warrants.

c) Creation of new contingent capital

The share capital shall be contingently increased by up to a total of €40,000,000.00. The contingent capital increase serves to grant rights to the holders or creditors of convertible bonds and/or bonds with warrants issued by the Company or by companies in which the Company holds a direct or indirect majority interest in accordance with the above-mentioned authorization under b) in the period until May 17, 2010.

The shares will be issued at the conversion/option prices to be specified as described in b). The contingent capital increase shall be implemented only to the extent that the holders/creditors of such convertible bonds and/or bonds with warrants choose to exercise their conversion or option rights, or fulfill their conversion obligation, and the contingent capital is required for this purpose in compliance with the terms and conditions of the bond. The new shares carry dividend rights from the beginning of the fiscal year in which they are created via the exercise of conversion or option rights, or as a result of compliance with conversion obligations.

The Executive Board is authorized to determine the further details of the implementation of a contingent capital increase.

d) Amendment to the Articles of Association

§ 5 (5) of the Articles of Association of the Company shall be amended to read as follows:

“The share capital has been contingently increased by up to a total of €40,000,000.00. The contingent capital increase shall be implemented only to the extent that:

1. the holders or creditors of conversion rights and/or options attached to convertible bonds and/or bonds with warrants issued in the period until May 17, 2010 by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, choose to exercise their conversion or option rights,
- or
2. the holders or creditors of convertible bonds giving rise to a conversion obligation issued in the period until May 17, 2010 by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, comply with such obligation,

and the contingent capital is required for this purpose as specified in the bond terms and conditions.

The new shares carry dividend rights from the beginning of the fiscal year in which they are created via the exercise of conversion or option rights, or as a result of compliance with a conversion obligation.”

11. Resolution on the authorization to purchase and utilize own shares

The Executive Board and Supervisory Board propose that the following resolution be adopted:

- a) The existing authorization to purchase own shares granted by the Annual General Meeting on June 3, 2004 for a limited period ending on December 2, 2005 shall be cancelled upon entry into force of the authorization under b).
- b) The Company is authorized in accordance with § 71 (1) no. 8 *Aktiengesetz* (German Stock Corporation Act, *AktG*), to purchase own shares in the total amount of up to ten percent of the existing share capital in the period up until November 17, 2006. The authorization can be exercised in whole or in part once or several times. In accordance with § 71 (2) sentence 1 *AktG*, the shares acquired pursuant to this authorization together with other shares of the Company that the Company has already acquired and still holds, may not account for more than ten percent of the share capital of the Company.

The shares shall be purchased via the stock exchange or via a public purchase offer addressed to all shareholders. Where the shares are purchased via the stock exchange, the purchase price per share may not exceed or fall below the average price of Beiersdorf's shares in the closing auction in the Frankfurt Stock Exchange's Xetra trading system (or a comparable successor system) on the five stock exchange trading days preceding the purchase by more than five percent. Where the shares are purchased via a public purchase offer addressed to all shareholders, the purchase price per share may not exceed or fall below the average price of Beiersdorf's shares in the closing auction in the Frankfurt Stock Exchange's Xetra trading system (or a comparable successor system) on the ten stock exchange trading days preceding the publication of the purchase offer by more than twenty percent. The volume of the offer may be limited. If the total number of shares tendered under the offer exceeds this volume, the shares must be accepted proportionately.

- c) The Executive Board is authorized, with the approval of the Supervisory Board, to sell or to transfer in whole or in part the own shares repurchased on the basis of the above-mentioned or a prior authorization while disapplying the shareholders' pre-emptive rights in a way other than via the stock exchange or by way of a purchase offer to all shareholders to the extent that these shares are sold at a price or transferred for consideration that does not fall materially below the market price of the

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same class of shares at the time of the sale or transfer. The applicable market price as defined in the provision above is the average price of Beiersdorf's shares in the closing auction on the Frankfurt Stock Exchange's Xetra trading system (or a comparable successor system) on the five stock exchange trading days preceding the sale or transfer of the own shares. This authorization is limited to a total of no more than ten percent of the share capital existing at the time that the authorization comes into effect and at the time it is exercised, whereby if own shares are sold in return for a cash payment in line with the above-mentioned provisions, those shares must be included for which the pre-emptive rights of shareholders are disapplied in accordance with § 186 (3) sentence 4 *AktG* when Authorized Capital II is utilized and/or when the authorization to issue convertible bonds and/or bonds with warrants is utilized.

The Executive Board is also authorized, with the approval of the Supervisory Board, to utilize the own shares repurchased on the basis of the above-mentioned or a prior authorization in whole or in part as consideration or partial consideration as part of a merger or the acquisition of businesses, equity interests in businesses, or business units while disapplying the pre-emptive rights of shareholders.

Moreover, the Executive Board is authorized, with the approval of the Supervisory Board, to utilize the own shares repurchased on the basis of the above-mentioned or a prior authorization in whole or in part, while disapplying the pre-emptive rights of shareholders, in order to satisfy the conversion and/or option rights from convertible bonds and/or bonds with warrants issued by the Company or companies in which it holds a direct or indirect majority interest.

Furthermore, the Executive Board is also authorized, with the approval of the Supervisory Board, to retire own shares repurchased on the basis of the above-mentioned or a prior authorization without requiring an additional resolution by the Annual General Meeting. The authorization to retire the shares can be exercised in whole or in part.

Reports of the Executive Board to the Annual General Meeting on Items 7 to 11 of the Agenda in accordance with §§ 203 (1) sentence 1, (2) sentence 2, 186 (3) sentence 4, (4) sentence 2 *Aktiengesetz* (German Stock Corporation Act, *AktG*), §§ 221 (4) sentence 2, 186 (3) sentence 4, (4) sentence 2 *AktG*, and §§ 71 (1) no. 8 sentence 5, 186 (3) sentence 4, (4) sentence 2 *AktG*

The Executive Board has submitted the following reports on items 7 to 11 of the agenda in accordance with §§ 203 (1) sentence 1, (2) sentence 2, 186 (3) sentence 4, (4) sentence 2 *AktG*, §§ 221 (4) sentence 2, 186 (3) sentence 4, (4) sentence 2 *AktG*, and §§ 71 (1) no. 8 sentence 5, 186 (3) sentence 4, (4) sentence 2 *AktG*, on the reasons for the authorization of the Executive Board, with the approval of the Supervisory Board, to disapply shareholders' pre-emptive rights in the case of capital increases from Authorized Capital I, II and III, or in the case of the issue of convertible bonds and/or bonds with warrants, as well as in the case of the sale of own shares in the Company.

The reports are available for inspection by shareholders at the Company's business premises (Unnastrasse 48, 20245 Hamburg, Germany) as from the date on which the Annual General Meeting is convened. They will also be available at the Annual General Meeting. All shareholders will be sent copies of the reports free of charge and without delay at their request. The contents of the reports are as follows:

1. Report of the Executive Board on Item 7 of the Agenda (Resolution on the creation of Authorized Capital I):

If the authorized capital is utilized, we want to grant our shareholders pre-emptive rights.

The authorization to disapply pre-emptive rights for fractions serves to ensure a practicable subscription ratio with regard to the amount of the capital increase in each case. Not disapplying pre-emptive rights regarding fractions would make the technical implementation of a capital increase, and the exercising of pre-emptive rights, significantly more difficult, particularly in the case of a capital increase involving round amounts. The new shares that are excluded from shareholders' pre-emptive rights as unallotted fractions will be utilized at the best possible terms for the Company either through sale via the stock exchange or in another way.

The authorization to disapply shareholders' pre-emptive rights for the benefit of holders of convertible bonds and/or bonds with warrants is designed to ensure that, in the case that this authorization is utilized, the conversion or option price need not be reduced in line with the antidilution clauses of the conversion or option terms and conditions; rather, the holders of the convertible bonds and/or bonds with warrants may also be granted pre-emptive rights in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligations. The authorization gives the Executive Board the opportunity to choose between these two alternatives when utilizing the authorized capitals, after careful consideration of the interests.

2. Report of the Executive Board on Item 8 of the Agenda (Resolution on the creation of Authorized Capital II):

Please refer to the Report of the Executive Board on item 7 of the agenda regarding the authorization to disapply shareholders' pre-emptive rights for fractions and for holders of convertible bonds and/or bonds with warrants.

In addition, the management is authorized under agenda item 8 to disapply shareholders' pre-emptive rights in accordance with §§ 203 (1) sentence 1, (2) sentence 2, 186 (3) sentence 4 *AktG*. This option serves the interests of the Company in achieving the best possible issue price when

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issuing new shares. The statutory ability to disapply pre-emptive rights in accordance with § 186 (3) sentence 4 *AktG* puts the management in a position to exploit the opportunities offered by the stock exchange situation in each case rapidly, flexibly, and cost-effectively. This permits the optimal strengthening of shareholders' equity in the interests of the Company and all shareholders. The waiver of the lengthy and costly process of settling pre-emptive rights allows capital requirements to be met promptly from short-notice market opportunities, and new groups of shareholders to be attracted both within Germany and abroad. This opportunity to perform capital increases under optimum conditions and without any significant reduction for pre-emptive rights is particularly important for the Company as it must be able to exploit opportunities in rapidly changing and new markets quickly and flexibly, and hence to meet the resulting capital requirements in the very short term if necessary.

The issuing price and therefore the funds accruing to the Company for the new shares will be based on the market price of the shares already listed and will not fall materially below the current market price (most likely not by more than 3 %, and in any case not by more than 5 %). This ability to disapply pre-emptive rights is limited to a maximum of 10 % of the share capital existing at the time that the authorization comes into effect and at the time it is exercised, whereby those shares must be included for which the pre-emptive rights of shareholders are disapplied in accordance with § 186 (3) sentence 4 *AktG* when the authorization to issue convertible bonds and/or bonds with warrants is utilized and/or when the authorization to sell own shares is utilized. This ensures overall that, in compliance with the purpose of § 186 (3) sentence 4 *AktG*, the interests of the shareholders are adequately preserved when authorized capital is utilized and their pre-emptive rights disapplied.

3. Report of the Executive Board on Item 9 of the Agenda (Resolution on the creation of Authorized Capital III):

Please refer to the Report of the Executive Board on item 7 of the agenda regarding the authorization to disapply shareholders' pre-emptive rights for fractions and for holders of convertible bonds and/or bonds with warrants.

In addition, the Executive Board is authorized under item 9, with the approval of the Supervisory Board, when increasing capital against non-cash contributions to resolve on the disapplication of shareholders' statutory pre-emptive rights. The intention is to put the Executive Board in a position to selectively expand the Company's market position through further acquisitions of businesses, equity interests in businesses, or business units.

The *Bundesgerichtshof* (Federal Supreme Court) has expressly overturned its former, more restrictive rulings and has ruled that corporate expansions that are based on the acquisition of businesses or equity interests in businesses and for which shares of the company are to be offered as the acquisition currency generally require extremely quick decisions. In the opinion of the *Bundesgerichtshof*, German stock corporations (*Aktiengesellschaften*) were hardly in a position to do this under its previous rulings.

In the opinion of both the Executive Board and the Supervisory Board, the *Bundesgerichtshof* ruling means that it is justified to use the proposed creation of authorized capital against non-cash contributions to enable the Executive Board to decide, with the approval of the Supervisory Board, on the disapplication of shareholders' pre-emptive rights. Given international competition and the globalization of the economy, it is absolutely vital for the continued development and consolidation of the Company's market position that it has the opportunity to acquire suitable equity interests in the course of its investment strategy not only by making cash payments but also by way of non-cash consideration in the form of the transfer of shares in the Company. This form of acquisition finance is becoming more frequent for both national and cross-border transactions. Where such opportunities

become apparent, the capital increase generally has to be implemented at short notice and in competition with other potential buyers, and the necessary secrecy requirements have to be observed; as a result, in the opinion of both the Executive Board and the Supervisory Board, it is necessary to create authorized capital allowing for the disapplication of pre-emptive rights.

The Executive Board will carefully examine in each individual case whether to make use of this authorization to increase the capital while disapplying shareholders' pre-emptive rights as soon as a concrete opportunity to purchase equity interests emerges. It will only disapply shareholders' pre-emptive rights if the acquisition is within the remit of the Company's investment strategy and if the acquisition in return for shares in the Company is, properly understood, in the interests of the Company. When specifying the pricing ratios the Executive Board will ensure that shareholders' interests are safeguarded appropriately and that, as a result, the authorization will only be utilized to the extent that the value of the equity interest to be acquired is in reasonable proportion to the value of the Beiersdorf shares to be exchanged for it. The Supervisory Board will only grant the necessary approval for the utilization of the authorized capital if these preconditions are met. The Executive Board will report on the details of the utilization of authorized capital to the Annual General Meeting following the acquisition of an equity interest in return for shares of the Company.

The authorization to disapply the pre-emptive rights is limited to just under 10 % of the current share capital. In view of the considerable growth potential in the business areas in which the Company is active, the extent of the authorization to disapply pre-emptive rights is appropriate overall; it is also necessary to ensure prompt and flexible business decisions in the interests of the Company, and is therefore in the interests of the shareholders.

4. Report of the Executive Board on Item 10 of the Agenda (Resolution on the authorization to issue convertible bonds and/or bonds with warrants and on the creation of Contingent Capital):

The authorization to issue convertible bonds and/or bonds with warrants under item 10 of the agenda allows the Company to take advantage of attractive financing opportunities, depending on the market conditions pertaining at the time. The possibility of providing for a conversion obligation in the case of convertible bonds broadens the scope for structuring such financing tools. This includes the ability of the Company, via its investees, if appropriate, to access the German or international capital markets, depending on market conditions.

Shareholders shall be entitled to pre-emptive rights as a basic principle. However, these may be disappplied with the approval of the Supervisory Board if the convertible bonds and/or bonds with warrants are issued in each case at a price that, according to the Executive Board's due examination, is not materially lower than the theoretical market value of the bonds calculated by recognized methods, and in particular by financial methods. The ability to disapply pre-emptive rights gives the Company the flexibility to take advantage of favorable stock market conditions at short notice.

According to § 221 (4) sentence 2 *AktG*, the provision laid down in § 186 (3) sentence 4 *AktG* applies mutatis mutandis to the disapplication of pre-emptive rights. In order to comply with the limit that this specifies for disapplying pre-emptive rights of a maximum of 10 % of the share capital existing at the time that the authorization comes into effect and at the time it is exercised, the issue without pre-emptive rights of convertible bonds and/or bonds with warrants with conversion or option rights or with a conversion obligation in relation to shares with a notional interest in the share capital is limited to a total of up to 10 % of the share capital in existence at the time that the authorization comes into effect and the time it is exercised; furthermore, this is only permissible to the extent that this limit has not already been exhausted by the utilization of Authorized Capital II and/or by the utilization of the authorization to sell own shares in accordance with § 186 (3) sentence 4 *AktG*.

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In addition, § 186 (3) sentence 4 *AktG* specifies that the issue price may not be significantly lower than the market price. This is intended to ensure that there is no significant economic dilution of the value of shareholders' shares (discount to the market value). The likelihood of such a dilutive effect can be calculated by comparing the theoretical market value of the bond with the issue price. The Executive Board is obliged to guarantee, by means of due examination, that the theoretical market value of the bond is calculated by recognized methods, and in particular by financial methods. In this context, the Executive Board may obtain the support of experts, if it deems it necessary in a particular situation to obtain professional advice. For example, the banking syndicate underwriting the issue can assure the Executive Board in an appropriate form that a significant dilution in the value of the shares is not to be expected; this may also be confirmed by an independent investment bank or an external expert. If the issue price is no more than 3 %, and in any case no more than 5 % less than the theoretical market value calculated by the methods mentioned above at the time of issue of the convertible bonds or bonds with warrants, disapplication of pre-emptive rights is permitted within the meaning and purpose of § 186 (3) sentence 4 *AktG* due to the only insignificant nature of the discount. This takes account of the need to protect shareholders against a dilution of their shareholdings. The provision in the authorization that the final issue price must not be significantly below the theoretical market value, means that the value of the pre-emptive rights is reduced to almost zero, which means that shareholders are not economically disadvantaged by the disapplication of the pre-emptive rights.

Please refer to the Report of the Executive Board on item 7 of the agenda regarding the authorization to disapply shareholders' pre-emptive rights for fractions and for holders of convertible bonds and/or bonds with warrants.

The contingent capital is required to service the conversion or option rights, or conversion obligations relating to the convertible bonds and/or bonds with warrants with Beiersdorf shares, if the Company exercises its discretion not to utilize own shares. The conversion or option price for a share may not fall below 80 % of the average market price of the shares on the ten stock exchange trading days preceding the resolution on the issue. Alternatively, the conversion or option price for a share can be determined on the basis of the average market price of the shares during the first trading days for the pre-emptive rights. Furthermore, provision may be made for the conversion ratio and/or the conversion price specified in the conversion terms and conditions to be variable, and for the conversion price to be determined within a range to be specified depending on the share price development during the term of the bond. These options make it possible for the terms of the issue to be as close to the market as possible.

5. Report of the Executive Board on Item 11 of the Agenda (Resolution on the authorization to purchase and utilize own shares):

The Company repurchased own shares amounting to approximately 9.99 % of its share capital based on the authorization of the Annual General Meeting of June 11, 2003 in accordance with § 71 (1) no. 8 *AktG* as part of a public acquisition offer directed to all Beiersdorf shareholders. The proposed extension of the authorization under agenda item 11 is intended to continue to enable the Company to acquire own shares if it were to reduce the number of own shares held in the future. This is standard procedure at nearly all major listed companies. In accordance with § 71 (2) sentence 1 *AktG*, the shares repurchased pursuant to this authorization together with other shares of the Company that the Company has already acquired and still holds, may not account for more than 10 % of the share capital of the Company. According to this proposed resolution, the Company is also entitled to sell or to issue the own shares repurchased pursuant to this or a prior authorization in whole or in part while disapplying the pre-emptive rights of shareholders, whereby the authorization to disapply the shareholders' pre-emptive rights previously issued by the Annual General Meeting is expanded in individual aspects.

Based on the legal provisions, the own shares repurchased by Beiersdorf Aktiengesellschaft can be sold via the stock exchange or by way of a public purchase offer to all shareholders. These options for selling the shares fulfill the shareholders' right to equal treatment in the event that the shares are re-issued.

The proposed resolution stipulates that the Executive Board can, with the approval of the Supervisory Board, sell the own shares repurchased on the basis of the proposed or a prior authorization by the Annual General Meeting in a way other than via the stock exchange or by way of a public purchase offer to all shareholders if the own shares are sold in return for cash or non-cash consideration that does not fall materially below the market price of the same class of shares of the Company at the time of sale. This is intended to take the interests of the shareholders into account. The authorization for such a sale, which amounts to the disapplication of the shareholders' pre-emptive rights, is intended to serve the interests of the Company in particular by creating the opportunity for the Company to offer shares of the Company to institutional or other investors and/or to expand the shareholder base of the Company. The intention here is to put the Company in the position of being able to react to favorable stock market situations quickly and flexibly. The fixing of an average price for the applicable market price shall ensure that the interests of the shareholders of the Company are not adversely affected by random pricing. The authorization to sell own shares in return for cash consideration is limited to a total of no more than 10 % of the Company's share capital existing at the time that the authorization comes into effect and at the time it is exercised, including shares for which the shareholders' pre-emptive rights are disappplied in accordance with § 186 (3) sentence 4 *AktG* when Authorized Capital II is utilized and/or when the authorization to issue convertible bonds and/or bonds with warrants is utilized. To this extent, this authorization enables the Company to take advantage of the simplified option for disapplying shareholders' pre-emptive rights allowed by § 71 (1) no. 8 sentence 5 in conjunction with § 186 (3) sentence 4 *AktG*.

The Executive Board, with the approval of the Supervisory Board, is also to be authorized to utilize the own shares repurchased on the basis of the proposed or a prior authorization as consideration or partial consideration for the acquisition of businesses, equity interests in businesses, or business units, or as part of mergers. The Company also has Authorized Capital III under item 9 of the agenda at its disposal. To this extent, the proposed authorization for the use of own shares represents a supplement to Authorized Capital III. Please refer to the Report of the Executive Board on item 9 of the agenda for an explanation of the reasons for the disapplication of pre-emptive rights.

The authorization also provides that own shares may be utilized with the approval of the Supervisory Board while disapplying shareholders' pre-emptive rights in order to satisfy conversion and/or option rights or conversion obligations relating to convertible bonds and/or bonds with warrants issued by the Company or companies in which it holds a direct or indirect majority interest. It may be appropriate, instead of utilizing contingent capital, to utilize own shares in whole or in part to fulfill conversion or options rights, or conversion obligations.



Attendance at the Annual General Meeting

Those shareholders wishing to attend the Annual General Meeting must deposit their shares during normal working hours at one of the following banks:

- Deutsche Bank AG, Eschborn
- Dresdner Bank AG, Frankfurt am Main

or with the Company by May 11, 2005 and keep them there until the end of the Annual General Meeting. In return, they will receive attendance cards indicating the number of votes to which the owner is entitled. The shares may also be deposited with a German notary or a securities clearing and deposit bank. Shares are also considered to have been deposited in a valid manner if they are deposited with the agreement of and for a depository in a blocked account at a credit institution until the end of the Annual General Meeting. Confirmation of the deposit must be submitted to the Company at the latest on the day following the expiration of the deposit deadline.

As a special service to our shareholders, we are offering them the opportunity to be represented by a proxy appointed by the Company, who will vote in accordance with their instructions. The proxy is an employee of the Company who will vote on the individual agenda items in accordance with instructions by shareholders based on a power of attorney issued to him/her by shareholders. To do so, the proxy must be granted power of attorney over and issued with instructions on how to exercise the shareholder's voting rights. Any power of attorney issued is not valid without accompanying instructions. The proxy undertakes to vote as instructed. The power of attorney and instructions to the proxy appointed by the Company concerning the exercise of voting rights can only be issued in writing (not by fax or e-mail) and only using the proxy and instruction forms included with the entry cards to the Annual General Meeting. Shareholders must still deposit their shares in custody in the manner described above by the deadline if they plan to appoint a proxy. The Company must receive powers of attorney and instructions no later than May 13, 2005. Thank you for understanding that we cannot honor powers of attorney received after this date. You will receive further details of how to issue a power of attorney and how to instruct the proxy appointed by the Company together with your entry card after you have deposited your shares; this information is also available on the Company's German website at www.Beiersdorf.de (see www.Beiersdorf.com for English translation).

Of course, this offer designed to facilitate your exercise of your voting rights does not affect any other previously valid means of participating in the Annual General Meeting, such as participation via a representative (i.e. a credit institution or shareholders' association), which remain in full force. Please use the proxy form included with your entry card to issue a power of attorney to a third party.

Shareholders who intend to ask questions at the Annual General Meeting are requested to submit these to the Company before the Annual General Meeting, if possible, in order to allow the Executive Board to prepare a response. Motions by shareholders to a proposal by the Executive Board and Supervisory Board concerning a particular agenda item in accordance with § 126 (1) *Aktiengesetz* (German Stock Corporation Act, *AktG*) must be submitted exclusively to:

Beiersdorf Aktiengesellschaft
Financing (Fkt. 6740)
Unnastrasse 48
20245 Hamburg, Germany
Fax: +49 (0) 40 4909-2860
E-mail: Investor.Relations@Beiersdorf.com

We will publish all motions by shareholders subject to this requirement in accordance with § 126 *Aktien-gesetz* (German Stock Corporation Act, *AktG*) on the Company's German website at www.Beiersdorf.de. All management statements will also be published there.

The invitation to the Annual General Meeting was published on March 30, 2005 in both the electronic version of the *Bundesanzeiger* (Federal Gazette) and the printed version (issue no. 59) of the *Bundes-anzeiger*. This invitation and the documents that must be made available as of the convening of the Annual General Meeting can also be accessed at the Company's German website at www.Beiersdorf.de (see www.Beiersdorf.com for the English translation).

Hamburg, March 2005

Beiersdorf Aktiengesellschaft

The Executive Board

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