

Report of the Executive Board on Item 9 of the Agenda (Resolution on the creation of Authorized Capital III) in accordance with §§ 203 (1) sentence 1, (2) sentence 2, 186 (3) sentence 4, (4) sentence 2 *Aktiengesetz* (German Stock Corporation Act, *AktG*)

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.

Hamburg, March 2005

Beiersdorf Aktiengesellschaft

The Executive Board

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