Beiersdorf AG

Annual Financial Statements and Management Report as of Dec. 31, 2009

Strong Brands

The Beiersdorf Brand World

— 01

NIVEA

One of the largest skin and beauty care brands in the world.

— 02

NIVEA FOR MEN

Innovative products for men's care.

— 03

Eucerin

One of the leading medical skin care brands.

— 04

La Prarie

Our brand for exclusive anti-aging skin care.

— 05

SBT

Skin Biology Therapy for demanding skin.

— 06

SLEK

One of China´s largest hair care brands.

— 07

Florena

Uncomplicated skin care with natural ingredients.

— 08

Labello

In many European countries market leader and synonym for lip care.

— 09

8x4

Highly effective deodorants with a long-lasting effect.

— 10

Hansaplast

The market leader for plasters and wound care in many countries.

Contents

01 Management Report – Beiersdorf AG

04 Business and Strategy
05 Economic Environment
06 Results of Operations – Beiersdorf AG
07 Balance Sheet Structure and Financial Position – Beiersdorf AG
08 Research and Development
10 Sustainability
13 Employees
15 Corporate Governance Statement
 15 Corporate Governance Report
 19 Remuneration Report
29 Risk Report
31 Report by the Executive Board on Dealings among Group Companies
31 Report on Post-Balance Sheet Date Events
32 Disclosures of Takeover Provisions
34 Report on Expected Developments

02 Annual Financial Statements – Beiersdorf AG

35 Income Statement – Beiersdorf AG
36 Balance Sheet – Beiersdorf AG

Notes
36 Basis of Preparation of Beiersdorf AG's Financial Statements
37 Notes to the Income Statement
39 Notes to the Balance Sheet
44 Other Disclosures
49 Beiersdorf AG Boards

03 Auditors' Report and Responsibility Statement

51 Auditors' Report
51 Responsibility Statement by the Executive Board

Business and Strategy

Structure and Organization

Based in Hamburg, Germany, Beiersdorf AG is a leading international branded consumer goods company whose Consumer business segment develops and markets skin and beauty care products. Its products are sold under the core brands NIVEA, Eucerin, La Prairie, JUVENA, SBT Skin Biology Therapy, SLEK, Labello, 8x4, Hansaplast/Elastoplast, and Florena.

Beiersdorf AG is responsible for the German Consumer business and provides typical holding company services to affiliates. In addition to its own operating activities, Beiersdorf AG manages an extensive investment portfolio and is the direct or indirect parent company of over 150 affiliates worldwide. Beiersdorf AG also performs central Planning/Controlling, Treasury, and Human Resources functions as well as a large proportion of research and development activities for the Consumer business.

Management and Control

Beiersdorf AG's Executive Board is also the Beiersdorf Group's management body and is dedicated to increasing its sustainable enterprise value. The areas of responsibility of the individual members of the Executive Board – Brands, Finance, Human Resources, Supply Chain, and New Ways to Business – reflect the Group's functional organization. The Executive Board members also each have a regional responsibility in addition to these functional areas. This means they are closely involved with operations in the Beiersdorf affiliates. The Chairman of the Executive Board is responsible at an overarching level for Corporate Development, Corporate Communications, and Internal Audit.

Information on the remuneration of the Executive Board and Supervisory Board as well as on the incentive and bonus systems is provided in the section entitled "Corporate Governance Statement" in the Remuneration Report (in the Management Report), and in Note 30. Additional information regarding management and control, the general management structure, and the Declaration of Compliance in accordance with § 161 *Aktiengesetz* (German Stock Corporation Act, *AktG*) is also provided in the "Corporate Governance Statement" section.

Value Management and Performance Management System

The goal of our business activities is to sustainably increase our market share in terms of qualitative growth and at the same time to expand our earnings base. Our long-term key performance indicators are derived from this.

In addition to lifting sales and increasing market share, we want to increase the earnings power at an even higher rate. This is measured using the operating result (EBIT) in conjunction with the EBIT margin (the ratio of EBIT to sales). We aim to generate internationally competitive returns through active cost management and the highly efficient use of resources. In addition, we want to continuously optimize our net operating capital and hence improve our return on capital (the ratio of EBIT to net operating capital).

We have created an efficient management system in order to meet our strategic goals. Management derives the parameters for planning business performance by the individual units in the Group from our strategic goals in the coming year. This planning covers all segments and affiliates. Generally, the Executive Board and Supervisory Board formally adopt the Group's planning in the fall. Monthly comparisons of actual key performance indicators with planned values and current forecasts for the year are performed during the fiscal year. This allows the business to be managed in a focused manner. In the course of the global financial and economic crisis, it became necessary in 2009 to adjust the planning goals that had originally been resolved to reflect the changed economic situation.

Economic Environment

General Economic Situation

The global economy in 2009 was dominated by the worldwide economic crisis. At the beginning of the year in particular, markets all over the world were hit by the worst global recession for decades. Investments were shelved abruptly and the recession initially deepened in most industrialized countries in the first six months. However, far-reaching monetary and fiscal policy measures helped stabilize the markets and led among other things to rising consumer and business confidence. Nevertheless, the industrialized nations were unable to prevent a historic decline in macroeconomic activity for the full year.

The economic slump resulted in a sharp rise in unemployment in many economies, which in return depressed incomes. In addition, consumers in regions where real estate markets had experienced corrections were hit by negative wealth effects. However, government measures designed to stabilize incomes and the employment situation helped cushion the slump in consumer spending in many cases.

In the course of the year, companies began reactivating some of the investments they had previously shelved. This led to growth in western economies in the second half of the year in particular, albeit it from the previous year's low base. Capacity utilization at macroeconomic level remains well below the average in recent years. Labor markets have not yet profited from the improvement of the economic situation.

The continental Asian countries recovered faster and their production volumes are now higher than before the onset of the recession. China in particular has bucked the difficult trend in the global economy that is being felt elsewhere and is currently recording growth of just under 9%. Robust demand from Asia also led to an increase in commodities prices in the course of the year, after prices for crude oil in particular had broken in due to the crisis. Inflation rates in most countries fell into negative territory over the summer months, before picking up at the end of the year. The price stability targets set by central banks ended to be undershot. This gave the major central banks scope for a very expansionary monetary policy with interest rates effectively at 0%, plus additional measures to provide liquidity.

Sales Market Developments

The global cosmetics market recorded growth in 2009 well below the long-term trend. The various regions performed very differently: North America showed a significant decline, whereas the major Western European markets were flat overall, despite significant local differences. Only individual markets in Asia and in Latin America were able to recover rapidly from the crisis and return to growth.

Procurement Market

Once again, the procurement market in 2009 saw high volatility in individual commodities submarkets. The decline in crude oil prices that set in at the beginning of the global economic crisis only eased the situation in a small number of markets. Overall, the procurement market environment remains difficult – a situation that is being exacerbated by increased supplier default risk due to the drop in demand caused by the crisis. However, Beiersdorf stabilized its overall cost of materials and prevented delivery defaults by consistently applying the procurement strategies it has developed over the past few years and by establishing a systematic supplier risk management system.

The Economic Situation – Summary

Despite the difficult conditions caused by the global financial and economic crisis, Beiersdorf maintained its market position well in fiscal year 2009.

Results of Operations – Beiersdorf AG

IN € MILLION

	2008	2009
Sales	**1,050**	**1,054**
Other operating income	121	169
Cost of materials	–228	–270
Personnel expenses	–213	–229
Depreciation and amortization of property, plant, and equipment, and intangible assets	–46	–46
Other operating expenses	–578	–504
Special factors relating to the realignment of the Consumer Supply Chain	35	–
Operating result	**141**	**174**
Net income from investments	237	265
Net interest income/expense	–10	5
Other financial result	–14	2
Financial result	**213**	**272**
Result from ordinary activities	**354**	**446**
Taxes on income	–61	–65
Profit after tax	**293**	**381**
Transfer to other retained earnings	–66	–190
Net retained profits	**227**	**191**

Beiersdorf AG's sales rose by €4 million in the year under review to €1,054 million (previous year: €1,050 million). Sales of NIVEA Deodorant, NIVEA Bath Care, NIVEA Body Care, and Hansaplast performed extremely well. Sales of €859 million (previous year: €851 million) were generated in Germany and €195 million abroad (previous year: €199 million).

Other operating income increased by €48 million compared with the previous year. This is due to income of €75 million from the reduction in pension obligations as a result of amendments to the pension plan for TROMA Alters- und Hinterbliebenenstiftung.

The financial result rose by €59 million compared with 2008 to €272 million (previous year: €213 million). This is attributable to greater income from dividends distributed by affiliated companies.

The result from ordinary activities was €446 million, up €92 million on the previous year. The operating result contributed €33 million to this figure, while the financial result contributed €59 million. Taxes on income rose disproportionately by €4 million. Profit after tax amounted to €381 million (previous year: €293 million), up significantly by €88 million.

The Executive Board and Supervisory Board will propose a dividend to the Annual General Meeting of €0.70 per no-par value share (previous year: €0.90).

Balance Sheet Structure and Financial Position – Beiersdorf AG

IN € MILLION

Assets	Dec. 31, 2008	Dec. 31, 2009
Intangible assets	115	81
Property, plant, and equipment	66	66
Financial assets	1,201	1,204
Fixed assets	**1,382**	**1,351**
Inventories	1	2
Receivables and other assets	336	305
Securities	1,816	1,894
Cash and cash equivalents	235	268
Current assets	**2,388**	**2,469**
Prepaid expenses	**3**	**1**
	3,773	**3,821**

Equity and Liabilities	Dec. 31, 2008	Dec. 31, 2009
Share capital	252	252
Additional paid-in capital	47	47
Retained earnings	1,530	1,743
Net retained profits	227	191
Equity	**2,056**	**2,233**
Special reserve with an equity portion	**40**	**42**
Provisions for pensions and other employee benefits	519	452
Other provisions	255	259
Provisions	**774**	**711**
Trade payables	26	31
Other liabilities	877	804
Liabilities	**903**	**835**
	3,773	**3,821**

Balance Sheet Structure

The decline in intangible assets of €34 million relates to amortization and impairment losses on trademarks. Investments of €12 million in property, plant, and equipment were partially offset by depreciation of €11 million.

The securities item increased to €1,894 million. As in the previous year, this includes own shares of Beiersdorf AG in the amount of €955 million and short-term investments of €939 million in European government and corporate bonds and near-money market retail funds.

There was a €67 million decline in pension provisions due to amendments to the pension plan for TROMA Alters- und Hinterbliebenenstiftung. Other liabilities include liabilities to affiliated companies in the amount of €792 million (previous year: €860 million). This decrease relates primarily to financial liabilities. Of the total assets of €3,821 million (previous year: €3,773 million) shown in the balance sheet, €2,233 million (previous year: €2,056 million) or 58% (previous year: 54%) are financed by equity.

Financing and Liquidity Provision

The primary goal of financial management at Beiersdorf is to safeguard liquidity. The type and volume of transactions are in line with the basic operating and financial business. Scenarios and rolling 12-month cash flow planning are used to establish liquidity requirements.

Research and Development

Our research competence is the basis for the success of our brands in their competitive environment worldwide. More than 125 years of expertise in the areas of research and development have made us a company whose innovations in the skin and beauty care market repeatedly set standards and differentiate us from our competitors. We develop forward-looking products that are tailored to meet consumers' wishes and that offer outstanding tolerance and excellent quality.

In the year under review, we invested a total of €109 million in research and development (previous year: €108 million). As of December 31, 2009, a total of 446 staff (previous year: 465) were employed in research and development at Beiersdorf AG.

Most of our research and development work takes place at our Skin Research Center in Hamburg – one of the largest and most advanced facilities of its kind in Europe, and one of the most important in the world. It includes a special Asia Laboratory and a Latin America Laboratory, which focus on developing customized care products for consumers in these regions. Next to this there are two additional regional development centers in Zurich (Switzerland) and Wuhan (China). They work closely with the researchers in Hamburg and regularly exchange their research findings, thus boosting our innovative strength. The research team for the Consumer business segment consists of around 550 scientists worldwide. In addition to basic dermatological research their jobs include the development of products tailored to the needs of consumers and testing substances and formulas for their tolerability and effectiveness.

In the year under review, our research and development work focused on innovative skin and face care concepts. Our close cooperation with renowned international universities and institutes is aimed at integrating external ideas and potential solutions when developing products. Since 2008, we have successfully cooperated with two major raw materials suppliers. Researchers from Beiersdorf and these two companies have been working closely together on the technology for the future NIVEA Hair Care and NIVEA Visage product platforms as part of the "Project House" initiative.

We laid the groundwork for our "Pearlfinder" project, which is part of the "Open Innovation" initiative and which starts in 2010. Using this online platform, Beiersdorf aims to encourage small and large companies, institutions, and universities around the world to present their scientific ideas in a protected area to which only Beiersdorf's researchers have access. This initiative will further expand our global ideas network and tap previously unused potential.

A further important success factor for our research and development is our systematic product and consumer research. In order to integrate consumers even more closely in the development of future products, we inaugurated new bathroom-like areas at our Skin Research Center in Hamburg in spring 2009. Test subjects, applying development prototypes, are closely observed by research and development employees, who then interview them. This approach leads to completely new insights and findings that form the basis for product development and enhancement.

In fiscal year 2009, we applied for 133 patents for our innovations. We launched approximately 100 new products and again demonstrated our exceptional innovative strength. Key launches in the year under review and the beginning of 2010 included:

- **Eucerin AQUAporin ACTIVE:** This product was developed to offer optimum skin hydration. Its innovative formula featuring nature-identical gluco-glycerol stimulates the skin's network of aquaporins: These natural channels increase water exchange through the skin cell membranes and hence improve moisture distribution.
- **NIVEA Hair Care Volume Sensation:** This hair care series gives all hair types more volume. The volume effect is achieved through our innovative "Style Infusion" technology.
- **NIVEA FOR MEN Silver Protect:** This antibacterial antiperspirant containing silver ions protects against bacteria for 24 hours, efficiently preventing body odor.
- **Eucerin Hyaluron-Filler Concentrate:** This serum with highly concentrated hyaluronic acid penetrates the underlying layers of the epidermis, boosting the anti-aging day care's wrinkle-filling effect from the inside.
- **NIVEA Sun Invisible Protect Sprays:** The new products offer reliable protection against UVA and UVB rays. The transparent, non-greasy formula is absorbed quickly and does not leave any white residue.
- **Eucerin Sun Protection:** Biological cell protection has been proven to protect cells in the deeper skin layers from sun-related damage thanks to its special ingredients.
- **Florena:** In fiscal year 2009, we launched numerous new products based on natural, renewable raw materials such as the new product line "Sheabutter & Argan Oil".

The La Prairie Group's development center in Zurich (Switzerland) also created a large number of product innovations for our exclusive La Prairie, JUVENA, Marlies Möller, and SBT Skin Biology Therapy brands in 2009.

In addition to these product developments, we implemented a company-wide SAP project in our Zurich research center in the past fiscal year. This enables us to model all aspects of formula and packaging research as well as safety, quality, and regulatory requirements during product development.

We are one of the leading and best accepted companies worldwide in the area of developing "in vitro" experiments. A total of around 5,300 cosmetic formulations were tested for tolerance, effectiveness, and sensory properties in the past fiscal year. The tests were performed in the Company-owned Test Center in Hamburg (1,100 studies, 27,000 test subjects), as well as by 45 test institutes around the world (around 700 studies, 23,000 test subjects). The direct dialog with consumers provides us with valuable insights for our research and development work and gives us ideas for new products.

We further bundled our global research and development activities towards the end of fiscal year 2009. The research and development center of C-BONS Hair Care, our Chinese affiliate with a focus on hair care products, became part of our global research and development network two years after the company was taken over. C-BONS Hair Care's technological research and development portfolio is extremely competitive, of high quality, and reacts to the needs of Chinese consumers quickly and flexibly. These strengths help us to expand our position in the Chinese market.

Sustainability

Beiersdorf has made a clear commitment to sustainable activities: We have an ecological and social responsibility for current and future generations. At the same time, our Company's efficient business management creates the foundations for successful long-term operations. The strategic focus of our sustainability activities gives even more emphasis to this far-reaching responsibility and ensures that sustainability is firmly established in all our business processes.

A dedicated steering committee, the Sustainability Advisory Board (SAB), coordinates all activities throughout the Company and across all departments in the areas of sustainable business management, environmental protection and occupational safety, our commitment to society, and our dialog with our stakeholders. They regularly discuss current developments, take strategic decisions, set targets, and initiate the necessary activities.

In addition to our sustainability guidelines, we adopted our binding company-wide sustainability strategy at the end of 2008. This strategy ensures that sustainability is firmly established in all our business processes and is based on the four cornerstones of our Consumer Business Strategy. This means for our cornerstones

- **Superior Brands:**
  - We align the development of our products with the wishes of our consumers.
  - We guarantee consumer safety by using safe raw materials and by ensuring high product quality.
  - We build on the latest scientific findings when developing new products and their packaging to incorporate the aspects of reusability and waste reduction.

- **Superior Supply Chain:**
  - We comply with all relevant regulations worldwide during the manufacture of our products.
  - We reduce resource utilization through efficient production and modern building technology.
  - We invest in environmentally friendly technology and take precautionary measures to ensure climate and water protection and soil conservation.
  - We optimize transportation routes to our customers and use state-of-the-art logistics.
  - We safeguard and improve quality by entering into long-term alliances with our partners.
  - We require our suppliers to commit themselves to sustainability.

- **Clear Geographical Focus:**
  - We specifically adapt our product range to local requirements and wishes.
  - We align our corporate social activities with local social structures and customs.

- **Superior Talent In Lean Organization:**
  - We oblige all our employees to have a legally and ethically correct business behavior.
  - We train young people and ensure the continuous professional development of our staff.
  - We select our managers on the basis of our global Management Commitments and develop them according to binding criteria.
  - We coordinate sustainability management centrally and integrate all business segments worldwide.
  - We actively promote good neighborly relations at Beiersdorf's locations through charitable projects.
  - We review and manage sustainability on the basis of a transparent presentation of our sustainability indicators.

To ensure the best possible focus for our sustainability activities, we maintain an in-depth and continuous dialog with our stakeholders. These include employees, consumers, business partners, non-governmental organizations (NGOs), capital markets, and representatives of academia, politics, and the media. When reporting on the measures we have taken, we believe in being as transparent as possible. This is why we publish an annual Sustainability Report, which is available as an interactive online publication at www.Beiersdorf.com/Sustainability. It is oriented towards the international "Global Reporting Initiative" guidelines and presents all of Beiersdorf's activities relating to products, environmental protection and occupational safety, employees, society, and the economy in detail. The report also provides information on the targets achieved and the measures planned.

To compile data in the area of environmental protection, occupational safety, and social responsibility we have established an internal database-driven management system. In addition to the collection of data it allows us to standardize processes and audit programs, review the achievement of objectives, ensure transparent communication, and facilitate external sustainability reporting.

Environmental Protection and Occupational Safety

Our consumers expect a sustainable approach from us. Our products in particular should be well tolerated – by people and the environment alike. We meet these requirements every day in order to retain the high level of trust that is placed in our brands. Fuelled by this awareness, we are working systematically to reduce the use of resources and to cut waste volumes and disposal costs in production. At the same time, we establish an ongoing global exchange of experience to ensure an internationally uniform standard.

In fiscal year 2009, we further enhanced our internal ESMAS program (Environmental Protection and Safety Management Audit Scheme) for audits in the area of environmental protection and occupational safety. The program has been validated by the German Association for the Certification of Management Systems (DQS) according to the internationally recognized ISO 14001 and OHSAS 18001 standards. A total of 12 production locations in the Consumer business segment were ESMAS-certified in the year under review. Our facilities in Indonesia, Mexico, and Thailand were audited for the third time in 2009 and our facility in Tres Cantos, Spain, for the second time. The positive result in each case: high standards in practice and efficient management of environmental protection and occupational health and safety. The excellent results of our audits underline that we have successfully put our ambitious environmental protection and occupational safety management system into practice. In addition, we significantly improved key performance indicators in the area of environmental protection. We aim to continue minimizing our environmental impact as far as possible in future through even more efficient energy consumption and the responsible use of resources.

Our proven environmental protection and occupational safety management is integrated in all business processes from product development through production to environmentally friendly disposal management. It complies with the principles of the international "Responsible Care" initiative and is the basis for rapidly realizing our vision of "zero accidents".

Social Responsibility

Our corporate citizenship activities focus systematically on the core areas of education, family, and culture. To bundle our Group-wide activities, we have defined a "key project" for each field. This allows us to better concentrate our commitment. We aim to implement projects worldwide together with our affiliates and an organization that has extensive experience and organizational expertise in the area concerned. The central philosophy behind our corporate citizenship activities is "helping people to help themselves". We continued to implement this strategy worldwide in fiscal year 2009. We held in-depth discussions with our affiliates with the aim of optimizing ongoing projects and ensuring that all activities are in line with our corporate citizenship strategy.

In fiscal year 2009, our activities in the “family” area focused on a project with the slogan “Fostering values”, which seeks to promote equal opportunities for children and young people from socially disadvantaged families. Together with our partner Plan International, one of the world’s oldest and most respected children development organizations, and our NIVEA brand we aim to give young people the basic requirements for a life that is truly worth living – both now and in the future. Within the framework of this project, we have already launched several activities: A large number of our internal departments have sponsored children that are helped by “Plan” – an initiative which demonstrates that social responsibility is a firm part of Beiersdorf’s corporate culture. In addition, Beiersdorf employees had the opportunity to buy a “NIVEA-Aktionstüte” (NIVEA charity bag) containing several NIVEA products. Beiersdorf doubled the proceeds and donated the total amount to a project in the Himalayas that enables children in the north Indian state of Uttarakhand to attend school. The participants of Beiersdorf’s 15th Supply Chain Day in Hamburg also gave their time for a good cause. Once the professional part of the internal event had finished, the employees packed 2,000 rucksacks to supply needy boys and girls in Uttarakhand with urgently required school materials. Our Indian affiliate added NIVEA products to the consignment and provided for delivery to the remote village.

In the area of education we have further extended our “Casa NIVEA” project. This initiative, which is financed by our affiliate Beiersdorf Brazil, has been helping socially disadvantaged children and young people to take responsibility for their own lives for almost ten years now. We also support “Programa Conexão” – in cooperation with the retailer WalMart. This project run by IOCHPE foundation in São Paulo helps teenagers and young adults between the ages of 16 and 30 find the right career by providing professional training. This training is given by volunteers from either one of the two partner companies Beiersdorf and WalMart, or other participating companies. The project aims to find employment for at least 80% of the 400 young people participating in the program. Furthermore, 80% of these 320 people should remain in their positions for a minimum of one year.

In the area of culture, we successfully set up the “Canto elementar” singing program in Hamburg. Once a week, volunteer singing mentors visit preschoolers and their teachers to sing with them. The guiding principle behind this project is to help promote children’s speech development and their sense of community and empathy, as well as encouraging inter-generational dialog, by singing together. The two-year process was supported by trained musicians and music teachers who train the singing mentors and educators and provide advice. The start-up finance has allowed us to lay the groundwork for the project in the first 60 Hamburg preschools.

Employees

Our employees are the basis for the success and strength of our Company. We offer them the scope and the challenge to help shape our business. We put in place a variety of development programs and paths to enhance our staff's professional and personal skills. As of December 31, 2009, Beiersdorf AG employed a total of 1,938 staff (previous year: 1,978). The number of vocational training positions and trainees was 329 (previous year: 352).

Our Human Resources activities focus on assisting the implementation of Beiersdorf's Consumer Business Strategy by providing advisory, organizational, and process-oriented support. The related tasks include individually developing and setting challenges for all employees. Another priority is to identify potential managers in a targeted manner. A fair, performance-related remuneration system plays a key part in further increasing employee commitment and motivation.

In fiscal year 2009, we developed our "HR Roadmap" – an action plan that defines the projects and initiatives on which Human Resources will strategically focus in the coming years. The new action plan thus ensures that all HR activities focus on the successful implementation of the Consumer Business Strategy and that we can, at the same time, react flexibly to changing market conditions.

The international roadmap is broken down into seven strategic programs:

1. **Attract and Manage Talent.** We are increasing our attractiveness as an employer so as to find and retain suitable talent. We need talented employees to ensure our continued success. The successful measures implemented in line with this strategic goal include our global "Employer Branding" program, which attracts new employees on the labor market in a variety of ways and retains qualified employees for the Company. Related measures include targeted initiatives at selected universities and our "CLOSE2B" student outreach program. We launched our "Employer Branding" project at the Group's 16 most important companies, including China, Russia, and Brazil, in fiscal year 2009 and will continuously expand and optimize the project's activities and concepts.

2. **Expand Leadership and Functional Development.** We aim to strategically develop our business and our key employees. This includes expanding both professional development opportunities and management training. "Leading for Success" is a focus area of this initiative that is designed to improve and further expand Beiersdorf's approach to executive development. Among other things, this entails defining clear career paths and development opportunities for all employees, therefore motivating employees and ensuring access to the required young executive talent. Our "Next Level" program gives dedicated young people the chance to take responsibility for shaping their career at Beiersdorf on their own responsibility and to identify possible promotion paths and goals. The concept, which was launched in 2008, is a key component in retaining talented high potentials. We aim to roll out this program to all Beiersdorf affiliates by 2011.

3. **Foster Performance Orientation.** This strategic program aims to increase performance orientation and reward good performance appropriately. To achieve this, we will evaluate functions, gather total remuneration data, and develop guidelines for performance management, for example.

4. **Manage Change and Organizational Development.** Beiersdorf is currently undergoing a period of change. The Human Resources department is supporting this process by providing practical assistance, such as in the form of an organizational project, which will create a uniform organizational standard for our European affiliates.

5. **Transforming HR into a Strategic Partner.** We are convinced that Human Resources must achieve excellence in its work. This requires HR's staff to be familiar with and understand the areas they look after. This is why we have introduced "Business Partners": All affiliates and functions now have specialist contacts who advise them on personnel issues and have expertise in the functions or regions in question.

6. **Advance Beiersdorf Culture.** The goal of this strategic program is to identify what is special about our corporate culture and establish how to enhance it.

7. **Maintain Good Labor Relations.** Good relations between an employer and employees are one of the key requirements for long-term business success. It requires the creation of mutual understanding and the promotion of constructive cooperation between the management and the works council. A number of our projects therefore focus on harmonizing working relationships across Europe and developing a sustainable HR policy for Germany.

Our initial experiences with our action plan show that we are well on the way to adapting our Human Resources activities to the changing requirements – for the benefit of our employees and the Company. Because for us, both things are important: success and people.

Corporate Governance Statement

A. Corporate Governance Report by the Executive and the Supervisory Board (including the declaration in accordance with § 161 *Aktiengesetz* (German Stock Corporation Act, *AktG*) and a description of the working practices of the Executive Board and the Supervisory Board as well as of the composition and working practices of their committees)

Beiersdorf welcomes the German Corporate Governance Code, which was last updated in June 2009. The Code creates transparency with regard to the legal framework for corporate management and supervision in Germany, and also establishes generally accepted standards for good and responsible company management.

Good corporate governance has always been a high priority at Beiersdorf. Close, efficient cooperation between the Executive and Supervisory Boards, a focus on shareholder interests, open corporate communication, proper accounting and auditing, and responsible risk management are the basis of the Company's success. As a result, compliance with the Code and its amendments did not necessitate any fundamental changes at Beiersdorf. We consider corporate governance to be an ongoing process and will continue to track future developments carefully.

I. Declaration of Compliance

In September, the Executive Board and Supervisory Board updated the Declaration of Compliance for fiscal year 2008 and at the end of December 2009 issued the Declaration of Compliance with the recommendations of the Code for fiscal year 2009 in accordance with § 161 *Aktiengesetz* (German Stock Corporation Act, *AktG*). Beiersdorf AG fulfills all the recommendations as well as a large number of the suggestions made in the Code with one exception.

The following declaration was made permanently accessible to the shareholders on the Company's website at www.Beiersdorf.com/Declaration_of_Compliance:

BDF ●●●●
Beiersdorf

Declaration by the Executive Board and the Supervisory Board of Beiersdorf Aktiengesellschaft on the Recommendations of the "Government Commission on the German Corporate Governance Code," in accordance with § 161 of the German Stock Corporation Act (*AktG*)

In fiscal year 2009, Beiersdorf Aktiengesellschaft complied with, and continues to comply with, all recommendations of the "Government Commission on the German Corporate Governance Code" in the versions dated June 18, 2009 and June 6, 2008 respectively, with the following exception:

In accordance with section 4.2.3 (4), in concluding Executive Board contracts, care shall be taken to ensure that payments made to an Executive Board member on premature termination of his contract without serious cause do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the contract. This recommendation is not complied with in all cases as the Company is currently revising its system of remuneration of the Executive Board effective at the latest on January 1, 2011.

Hamburg, December 2009

For the Supervisory Board

PROF. DR. REINHARD PÖLLATH
CHAIRMAN OF THE SUPERVISORY BOARD

For the Executive Board

THOMAS-B. QUAAS
CHAIRMAN OF THE EXECUTIVE BOARD

DR. BERNHARD DÜTTMANN
MEMBER OF THE EXECUTIVE BOARD

II. General Information on Beiersdorf's Management Structure

As an international stock corporation domiciled in Hamburg, Germany, Beiersdorf AG is governed by the provisions of German stock corporation, capital market, and codetermination law, as well as by the provisions of its Articles of Association. Like all German stock corporations, Beiersdorf has a dual management and supervisory structure consisting of two bodies, the Executive Board and the Supervisory Board. The Annual General Meeting acts as the decision-making body for shareholders for fundamental decisions by the Company. These three bodies are all dedicated in equal measure to the interests of the shareholders and the good of the Company.

1. The Supervisory Board

The Supervisory Board of Beiersdorf AG consists of twelve members, six of whom are elected by the Annual General Meeting in accordance with the provisions of the *Aktiengesetz* and six by the employees in accordance with the provisions of the *Mitbestimmungsgesetz* (German Co-Determination Act, *MitbestG*), each for a period of five years. The term of office of the current Supervisory Board ends with the conclusion of the Annual General Meeting resolving on the approval of their activities for fiscal year 2013.

The Supervisory Board advises the Executive Board on the management of the Company and supervises its conduct of the Company's business within the framework laid down by the law, the Articles of Association, and the bylaws. It works closely with the Executive Board for the good of the Company and is involved in decisions of fundamental importance.

It makes decisions at regular meetings as well as in individual cases outside meetings on the basis of detailed documents. The Chairman of the Executive Board informs the Chairman of the Supervisory Board regularly and in a timely manner on important transactions and liaises with him on important decisions.

Supervisory Board members disclose potential conflicts of interest due to their activities as consultants to or officers of other companies to the Supervisory Board without delay; material conflicts of interest that are more than temporary in nature result in the termination of the mandate of the member concerned. In its report to the Annual General Meeting, the Supervisory Board informs the Meeting of any conflicts of interest that have occurred and of how these were handled. The D&O insurance policy taken out by the Company for the members of the Supervisory Board includes a deductible corresponding to the statutory requirements for Executive Board member deductibles. This amounts to 10% of any damage incurred, up to one and a half times the fixed annual remuneration of the respective Supervisory Board member.

Supervisory Board members should not be older than 72 years.

The work of the Supervisory Board is performed within and outside of the full Board as well as in the committees. The Supervisory Board has formed the following four committees from among its members:

The **Executive Committee** prepares the Supervisory Board meetings and the Supervisory Board's human resources decisions, resolves – subject to the resolution of the full Supervisory Board specifying the total remuneration – instead of the Supervisory Board on the contracts of service and pension agreements for members of the Executive Board and on other issues involving the Executive Board, and regularly reviews the efficiency of the Supervisory Board's activities. In addition, it regularly discusses long-term succession planning for the Executive Board. Finally, the Executive Committee is authorized to make urgent decisions on transactions requiring Supervisory Board approval in those cases in which the Supervisory Board cannot pass a resolution in time.

The **Audit and Finance Committee** prepares the decisions of the Supervisory Board on the approval of the annual and consolidated financial statements, the proposal to the Annual General Meeting on the election of the auditors, and the agreement with the auditors, verifies their independences and approves the provision of non-audit services. It also advises and supervises the Executive Board on questions relating to accounting, controlling, risk management, and compliance as well as internal auditing. In addition, the Audit and Finance Committee monitors corporate policy in the areas of finance, tax, and insurance. It decides in place of the Supervisory Board on the raising and extension of loans, on the assumption of liability for third-party liabilities, and on investment transactions. Finally, the Audit and Finance Committee discusses the interim reports with the Executive Board prior to publication.

The **Mediation Committee** formed in accordance with the provisions of the *MitbestG* makes proposals to the Supervisory Board on the appointment of Executive Board members if the requisite two-thirds majority is not reached during the first ballot.

In accordance with section 5.3.3 of the German Corporate Governance Code, a **Nomination Committee** was also formed. It is composed of shareholder representatives and proposes suitable candidates to the Supervisory Board for proposal to the Annual General Meeting.

The composition of the Executive Board, the Supervisory Board, and the Supervisory Board's committees can be found on our website at www.Beiersdorf.com/Boards and on page 49f. of these Annual Financial Statements and Management Report.

The Supervisory Board regularly evaluates its work using a standardized procedure. The results of the self-evaluation are discussed by the full Board and possible measures for improvement determined. In the course of its most recent self-evaluation, the Supervisory Board members came to the conclusion that the Supervisory Board works efficiently in their view. Individual measures were agreed on and implemented to further optimize the Supervisory Board's work.

2. The Executive Board

The Executive Board manages the Company and conducts its business. It is obliged to act in the Company's best interests and to increase the Company's sustainable enterprise value. The members of the Executive Board are appointed by the Supervisory Board. The Company's Executive Board consists of six members. The duties of the Executive Board are assigned by functions and regions. Important decisions are taken in the Executive Board meetings, which are held regularly.

The Executive Board develops the Company's strategy, agrees it with the Supervisory Board, and ensures its implementation. It is responsible for the Company's annual and multi-year planning and for preparing the quarterly, annual, and consolidated financial statements. It is also responsible for ensuring adequate risk management and risk control and for regular, timely, and comprehensive reporting to the Supervisory Board. Certain measures and transactions performed by the Executive Board require the approval of the Supervisory Board.

Executive Board members disclose potential conflicts of interest to the Supervisory Board without delay and inform their colleagues on the Executive Board of them. Material transactions between the Company and members of the Executive Board and related parties require the approval of the Supervisory Board; such transactions must comply with the standards customary in the sector. Sideline activities also require the approval of the Supervisory Board. The Company has concluded a D&O insurance policy for the members of the Executive Board that provides for a deductible in the amount of 10% of any damage incurred, up to one and a half times the fixed annual remuneration of the Executive Board member.

3. The Annual General Meeting
Shareholders exercise their rights at the Annual General Meeting and vote there. Each share entitles the holder to one vote.

The ordinary Annual General Meeting takes place each fiscal year, generally during the first six months. The agenda for the Annual General Meeting, including the reports and documents required for the Annual General Meeting, is also published on the Company's website; on request, the notice convening the Annual General Meeting together with the associated documents can also be dispatched electronically with the consent of the individual shareholder.

To assist shareholders in personally exercising their rights, Beiersdorf AG offers its shareholders the services of a voting representative who votes in accordance with shareholders' instructions. The invitation explains how to issue instructions for exercising voting rights in the run-up to the Annual General Meeting. In addition, shareholders are free to appoint a proxy of their choice as their representative at the Annual General Meeting.

III. Remuneration Report
The Remuneration Report explains the structure and amount of the remuneration paid to the members of the Executive Board and the Supervisory Board. It takes into account the legal requirements and the recommendations of the German Corporate Governance Code and is a component of the annual financial statements.

1. Remuneration of the Executive Board
a) Responsibility of, and resolutions by, the Supervisory Board regarding the remuneration of the Executive Board
The full Supervisory Board has been responsible for laying down the remuneration of the Executive Board since the *Gesetz zur Angemessenheit der Vorstandsvergütung* (German Act on the Appropriateness of Executive Board Remuneration, *VorstAG*) came into force on August 5, 2009. The Executive Committee of the Supervisory Board still discusses and reviews the remuneration system for the Executive Board at regular intervals and prepares the Supervisory Board resolutions laying down the remuneration of the Executive Board.

In its meetings on April 30, September 3, and November 19, 2009 and February 8, 2010, the Supervisory Board addressed the remuneration of the Executive Board and its appropriateness. In its meetings on November 19, 2009 and February 8, 2010, it discussed adapting the existing remuneration system for the Executive Board to the new legal requirements and resolved the transition to a new remuneration system as of fiscal year 2010. The reorganization of the remuneration of the Executive Board as of January 1, 2011 will then be resolved in the second half of 2010. Changes to the LTI and its abolition by fiscal year 2012 were also resolved in relation to the introduction of the new remuneration system. Moreover, the Supervisory Board determined the remuneration of the Executive Board for fiscal year 2009 in its meeting on February 8, 2010. Independent advisors were consulted during the development of the new remuneration system.

b) Overview of the remuneration of the Executive Board
The remuneration system for the Executive Board focuses on the tasks and performance of the individual members of the Executive Board and the Executive Board as a whole, the Company's economic and financial situation, its performance, and its future prospects, including in comparison with its peer group.

The remuneration of the Executive Board comprised three key components in fiscal year 2009:

- a fixed basic remuneration component;
- a variable remuneration component linked to the achievement of targets, i.e.:
  - an annually payable short-term remuneration element (short-term incentive, STI), and
  - a long-term remuneration element (long-term incentive, LTI); plus
- additional medium-term variable remuneration for 2009 and 2010, which depends on achieving certain global market shares by the end of 2010 (mid-term incentive, MTI).

c) Remuneration of the Executive Board for fiscal year 2009 in more detail
aa) Fixed remuneration
The fixed basic annual remuneration is paid in twelve equal installments. It is reviewed regularly for appropriateness every two years.

bb) STI and LTI
The variable component of the Executive Board's remuneration – the STI and LTI – is closely linked to the Executive Board's performance, the development of the Company, and the rise in its enterprise value. The variable remuneration depends on the extent to which predefined corporate and personal targets are met; these targets relate primarily to the Consumer business segment. In fiscal year 2009, the corporate targets related to relative sales growth (adjusted for currency translation effects) and the return on sales (previously they related to sales growth and EVA®/Economic Value Added). After the end of the fiscal year the Executive Committee determines the starting amount for the variable remuneration of each Executive Board member using the consolidated profit as a basis, dependent on whether corporate targets were reached. This starting amount may lapse in its entirety if minimum thresholds are not reached; extraordinary factors may be taken into account. It is increased or reduced within predefined limits depending on the extent to which the Executive Board member's personal targets have been reached. The variable remuneration determined in this way for each Executive Board member is subject to an upper limit (cap).

Part of the variable remuneration can be paid out annually in cash, as the STI. The amount of the annual payout is determined individually for each Executive Board member before the start of the fiscal year in question. The payout is limited to a maximum of 80% of the annual starting amount up to the amount of the target bonus and a maximum of 50% of the amount in excess of the target bonus.

The remaining amount flows into the LTI pool; this is designed to reward the contribution made by individual Executive Board members to sustainably increase the Company's enterprise value. A new LTI pool was established each calendar year for each Executive Board member. Performance of LTI pool depends on the growth in the enterprise value (compound annual growth rate, or CAGR); this is calculated on the basis of sales and EBIT multiples that remain constant throughout the duration of the LTI pool, taking special factors into account. Until now, the LTI has provided for a cash payment to be made at the end of every five years, provided that the enterprise value exceeds a predefined minimum threshold. As a result of the introduction of the new Executive Board remuneration system as of fiscal year 2010, the LTI pools for fiscal years 2006 to 2009 will be adjusted and settled as of December 31, 2010; the existing LTI pools will be increased or reduced up to the end of the fiscal year 2010 depending on the change in the value of the Company since they were established in each case. The LTI pools will be paid out in three installments in fiscal years 2010 to 2012.

cc) MTI

To support the global market share targets laid down in Beiersdorf's "Passion for Success 2010" Consumer Business Strategy, an additional longer-term variable remuneration element – the mid-term incentive (MTI) – was introduced for fiscal years 2009 and 2010 above and beyond the variable remuneration described above. The MTI is calculated as 2/3 of the annually determined starting amounts that are relevant for the size of the LTI and STI for the individual members of the Executive Board for fiscal years 2008 to 2010, multiplied by a percentage factor reflecting the extent to which Beiersdorf's Consumer business segment achieves the target global market share by the end of fiscal year 2010. The Supervisory Board can take special factors into account. The MTI will lapse if the global market shares do not reach a certain threshold. The MTI will be paid out following the 2011 Annual General Meeting.

The amounts given in the following table for the MTI (see ee), last column) refer to the additions to the provisions on the basis of estimated market share figures, subject to the global market share targets being achieved by the end of fiscal year 2010.

dd) Other

The remuneration of the Executive Board does not contain any stock option program or comparable securities-based incentives. Equally, the members of the Executive Board do not receive any additional remuneration for their membership of supervisory bodies of Group companies and investees.

Each Executive Board member is provided with a company car. In addition, Beiersdorf AG has taken out accident insurance for the Executive Board members. These non-cash remuneration components are taxed as non-cash benefits.

Moreover, pension commitments have been made to the five of the six Executive Board members. The pension benefits are determined as a percentage of the respective fixed basic remuneration. The percentage increases in line with the length of service of the Executive Board member to a maximum of 50%. Additions to pension provisions comprise current service cost and interest expense.

The contracts of service for the Executive Board members do not contain any change-of-control clauses. If the contract of the Chairman of the Executive Board is terminated early by mutual consent for reasons for which the Chairman is not responsible, he has been promised compensation in the amount of the fixed remuneration due until the end of his contract plus a fixed amount of €500 thousand per year representing the variable remuneration for the remainder of his contract. No other commitments exist in relation to the premature termination of membership of the Executive Board. In the case of one Executive Board member the severance payment is limited to twice the annual fixed remuneration. Members of the Executive Board did not receive any loans or advances from the Company, nor were any contingent liabilities in their favor entered into.

ee) Overviews of individual Executive Board Remuneration

TOTAL REMUNERATION OF THE EXECUTIVE BOARD FOR ACTIVITIES IN THE FISCAL YEAR 2009 //
IN € THOUSAND

	Basic fixed remuneration		Variable remuneration* STI		Variable remuneration* LTI**	
	2008	**2009**	2008	**2009**	2008	**2009**
Thomas-B. Quaas (Chairman)	420	435	716	550	181	138
Dr. Bernhard Düttmann	250	250	417	335	170	112
Peter Kleinschmidt	260	260	474	354	124	88
Pieter Nota	315	325	393	306	192	131
Markus Pinger	250	260	424	409	94	102
James C. Wei (since June 1, 2009)	–	163	–	227	–	56
Total	**1,495**	**1,693**	**2,424**	**2,181**	**761**	**627**

* The corporate targets for variable remuneration relate, among other things, to relative sales growth in 2009. The market growth figures required for fiscal year 2009 were not available at the time of the Supervisory Board meeting on February 8, 2010; the amounts reported for the variable remuneration were therefore calculated on the basis of provisional market growth figures. The figures will be adjusted if necessary once the market growth figures become available in late spring 2010. The actual figures may therefore change and in certain circumstance may not even apply at all.
** The figures given here for the LTI correspond to the remuneration added to the LTI in fiscal year 2009.

The present values of the existing LTI pools can be seen from the following table:

IN € THOUSAND

	LTI Fiscal year 2006		LTI Fiscal year 2007		LTI Fiscal year 2008		**LTI Fiscal year 2009**
	2008	**2009**	2008	**2009**	2008	**2009**	**2009**
Thomas-B. Quaas (Chairman)	1,109	920	497	519	181	214	124
Dr. Bernhard Düttmann	–	–	348	385	170	205	101
Peter Kleinschmidt	466	390	279	295	124	147	79
Pieter Nota	742	619	375	396	192	227	118
Markus Pinger	659	547	315	329	94	112	92
James C. Wei (since June 1, 2009)	–	–	–	–	–	–	54
Total	**2,976**	**2,476**	**1,814**	**1,924**	**761**	**905**	**568**

ff) Former members of the Executive Board and their dependants
Payments to former members of the Executive Board and their dependants totaled €2,274 thousand (previous year: €2,018 thousand). Provisions for pension commitments to former members of the Executive Board and their dependants totaled €22,373 thousand (previous year: €23,755 thousand).

d) New system of remuneration for the Executive Board as of fiscal year 2010
In its meetings on November 19, 2009 and February 8, 2010, the Supervisory Board resolved the following changes to the Executive Board's remuneration system:

Other (Non-cash benefits arising from the provision of company cars and the payment of insurance premiums, among other things)		Total		Additions to pension provisions		Additions to MTI provisions
2008	2009	2008	2009	2008	2009	2009
16	15	1,333	1,138	152	162	679
9	9	846	706	75	89	424
14	14	872	716	93	99	424
12	14	912	776	80	82	448
12	10	780	781	71	78	422
–	3	–	449	–	–	224
63	**65**	**4,743**	**4,566**	**471**	**510**	**2,621**

aa) Remuneration 2010

In fiscal year 2010, Executive Board members will receive – in addition to a fixed annual remuneration in the same amount as previously – a variable bonus that, in accordance with the new *VorstAG* will promote sustainable enterprise development. 60% of this will be based on a multi-year basis for assessment. The amount of the variable bonus depends on the Beiersdorf Group's Consumer business segment achieving a certain EBIT margin as well as on specific personal targets for individual Executive Board members that are set by the Supervisory Board. The variable bonus lapses ("knockout"), if less than 70% of the target, is achieved insofar as this relates to the EBIT margin, and if less than 80% of the target is achieved in the case of personal targets; no further increase occurs in either case if targets are exceeded by more than 200% (cap). Intermediate figures are extrapolated on a straight-line basis.

40% of the variable bonus will be paid once the 2011 Annual General Meeting has approved the actions of the Executive Board. The remaining amount ("long-term bonus") will be paid in four equal installments once the actions of the respective Executive Board member have been approved by the Annual General Meetings in the years 2012 to 2015, provided that the enterprise value (total of sales and EBIT x EBIT factor) at the end of each previous fiscal year at least corresponded to the enterprise value for fiscal year 2010. If not, the corresponding installment lapses unless the average enterprise value in the years 2011 to 2014 at least corresponds to the enterprise value for fiscal year 2010. In this case, the corresponding installment will be paid at the same time as the remaining fourth installment following the Annual General Meeting in 2015. The remaining fourth installment also increases or decreases in line with the percentage change in the enterprise value from the end of 2010 to the end of 2014. It cannot be reduced to less than €0 or increased to more than double the previous installment. The Supervisory Board can increase or decrease the 40% bonus and the long-term bonus by up to 20% to take into account extraordinary developments.

No new STIs, MTIs, or LTIs will be granted in fiscal year 2010 due to the introduction of the new remuneration system. The MTI granted in 2009 expires at the end of 2010; the LTI pools will also be settled at the end of fiscal year 2010 and paid out in fiscal years 2010 to 2012.

bb) Potential remuneration system as of 2011

The Supervisory Board is considering whether to continue the system described above as of fiscal year 2011 and to grant a corresponding variable bonus every year, supplemented by a performance target that depends on the Beiersdorf Group's Consumer business segment achieving a specified revenue figure or market share. The Supervisory Board will conclusively address the introduction of a remuneration system as of fiscal year 2011 in the second half of 2010.

2. Remuneration of the Supervisory Board

The basic principles governing the remuneration of the Supervisory Board were laid down by the Annual General Meeting in § 15 of the Articles of Association. The remuneration of the Supervisory Board takes into account the responsibilities and scope of tasks of the individual members of the Supervisory Board as well as the economic situation of the Company. In addition to being reimbursed for cash expenses, Supervisory Board members receive a fixed and a variable, dividend-based remuneration component.

The fixed component of each Supervisory Board member's remuneration amounts to €25,000 for each full fiscal year and the variable component to €1,200 for each cent by which the dividend per share distributed exceeds the amount of 15 cents. No attendance fees are paid. The Chairman of the Supervisory Board receives two-and-a-half times the standard Supervisory Board remuneration and his two deputies each receive one-and-a-half times the standard Supervisory Board remuneration. Members of the Executive Committee as well as the Audit and Finance Committee receive additional compensation for their work in these committees. If a member of the Supervisory Board simultaneously holds several offices for which increased remuneration is granted, he or she shall only receive the remuneration for the highest-paying office.

Members of the Supervisory Board did not receive any loans or advances from the Company, nor were any contingent liabilities in their favor entered into. In addition, members of the Supervisory Board did not receive any compensation or benefits for services provided on a personal basis, such as advisory or agency services.

Subject to the resolution of the Annual General Meeting on April 29, 2010 on the dividend to be distributed for fiscal year 2009*, the members of the Supervisory Board will receive the remuneration presented in the following table for their activities in fiscal year 2009:

* Basis: The proposal for a dividend of 70 cents per share presented to the Annual General Meeting.

TOTAL REMUNERATION OF THE SUPERVISORY BOARD FOR ACTIVITIES IN THE FISCAL YEAR 2009 //
IN €

	Fix*		Variable		Total	
	2008	**2009**	2008**	**2009**	2008**	**2009**
Dieter Ammer (until April 30, 2009)	47,439	13,151	98,729	21,698	146,168	34,849
Elke Bruns (since April 30, 2009)	–	16,849	–	44,482	–	61,331
Dr. Walter Diembeck	40,000	40,000	66,000	66,000	106,000	106,000
Prof. Dr. Eva Eberhartinger (since April 30, 2009)	–	26,959	–	44,482	–	71,441
Frank Ganschow (until April 30, 2009)	25,000	8,219	66,000	21,699	91,000	29,918
Michael Herz	50,000	50,000	66,000	66,000	116,000	116,000
Thomas Holzgreve (Member and Deputy Chairman since April 30, 2009)	–	25,274	–	66,723	–	91,997
Thorsten Irtz (Deputy Chairman)	37,500	37,500	99,000	99,000	136,500	136,500
Dr. Rolf Kunisch	25,000	25,000	66,000	66,000	91,000	91,000
Dr. Arno Mahlert (Member and Deputy Chairman until April 30, 2009)	43,320	12,329	88,180	32,548	131,500	44,877
Thomas Nieber	25,000	25,000	66,000	66,000	91,000	91,000
Stefan Pfander (until April 30, 2009)	25,000	8,219	66,000	21,699	91,000	29,918
Ulrich Plechinger (until April 30, 2009)	25,000	8,219	66,000	21,699	91,000	29,918
Prof. Dr. Reinhard Pöllath (Chairman)	54,303	62,500	143,361	165,000	197,664	227,500
Prof. Manuela Rousseau	25,000	25,000	66,000	66,000	91,000	91,000
Volker Schopnie (since April 30, 2009)	–	26,959	–	44,482	–	71,441
Thomas Siemsen (since April 30, 2009)	–	16,849	–	44,482	–	61,331
Total	**422,562**	**428,027**	**957,270**	**957,994**	**1,379,832**	**1,386,021**

* This includes the fixed remuneration component and the additional remuneration for membership of Supervisory Board committees.
** These figures differ from those given in the 2008 Remuneration Report, as all members of the Supervisory Board waived the right to a portion of their variable remuneration following the meeting convened to adopt the financial statements on February 19, 2009. The waiver referred to the portion of the dividend in excess of €0.70 for each share carrying dividend rights, i.e., the extraordinary amount of €0.20.

IV. Directors' Dealings and Shareholdings of the Executive and Supervisory Boards

In accordance with § 15a *Wertpapierhandelsgesetz* (German Securities Trading Act, *WpHG*), the members of the Company's Executive Board and Supervisory Board are legally obliged to promptly disclose the acquisition or disposal of shares in Beiersdorf AG to the Company. This also applies to related parties of such persons. Beiersdorf AG received the following notifications in the past fiscal year.

DIRECTORS' DEALINGS IN ACCORDANCE WITH § 15A WPHG IN FISCAL YEAR 2009

Date and location of the transaction	Name of the person subject to the disclosure requirement	Position	Description of financial instrument	WKN/ISIN	Type of transaction	Number of shares	Price per share (in €)	Total amount traded (in €)
Jan. 30, 2009 Hamburg	Cornelia Herz	Spouse of Supervisory Board member	No-par value bearer shares	DE0005200000	buy	770	38.60	29,722.00
Feb. 17, 2009 Xetra	Michael Herz	Supervisory Board member	No-par value bearer shares	DE0005200000	buy	12,280	35.00	429,800.00
Feb. 17, 2009 Xetra	Libro Beteiligungs- und Verwaltungsgesellschaft mbH	Legal entity, company, or institution that is a related party of a Supervisory Board member	No-par value bearer shares	DE0005200000	buy	1,900	35.00	66,500.00
Apr. 21, 2009 Hamburg	Cornelia Herz	Spouse of Supervisory Board member	No-par value bearer shares	DE0005200000	buy	720	30.00	21,600.00

The members of the Executive Board of Beiersdorf AG hold no shares in the Company. The total shareholdings of the members of the Supervisory Board amount to 60.46% of the shares issued by the Company, taking into account the 9.99% of shares held by the Company. Michael Herz, a member of the Supervisory Board of Beiersdorf AG, has notified the Company that his share of voting rights in the Company amounts to 50.47%. Taking into account the 9.99% of shares held by the Company, which do not carry voting or dividend rights in accordance with § 71b *Aktiengesetz* (German Stock Corporation Act, *AktG*) and are also attributable to Michael Herz in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG*, his shareholdings amount to 60.46%. The other members of the Supervisory Board hold less than 1% of the shares issued by the Company.

V. Further Information on Corporate Governance at Beiersdorf

Transparency and our goal of informing our shareholders and the public quickly, comprehensively, and simultaneously are top priorities for us. That is why current developments and key Company information are announced on our website (www.Beiersdorf.com) as soon as possible. In addition to detailed disclosures on corporate governance at Beiersdorf, additional information on the Executive Board, the Supervisory Board, and the Annual General Meeting, the Company's reports (annual financial statements, management reports, and interim reports), as well as a financial calendar with all key events and publications, ad hoc disclosures, and directors' dealings, are published there.

Beiersdorf's consolidated financial statements and interim reports are prepared in accordance with the International Financial Reporting Standards (IFRSs). The annual financial statements of Beiersdorf AG are prepared in accordance with the *Handelsgesetzbuch* (German Commercial Code, *HGB*). The Annual General Meeting on April 30, 2009 elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart as auditors for Beiersdorf AG and Beiersdorf Group for fiscal year 2009.

B. Corporate Governance Practices

Our goals are clearly defined: to continuously increase our market share in all areas through qualitative growth and to further improve our strong earnings situation. We intend to achieve these objectives by continuing to successfully implement our "Passion for Success" Consumer Business Strategy. Further information about this strategy can be found at www.Beiersdorf.com/Strategy.

In implementing this strategy we pursue the following key corporate governance practices:

Compliance

Compliance with the law and internal guidelines (Compliance) is an essential basis for successful and sustainable business for Beiersdorf. Beiersdorf's Compliance Principles can be found at www.Beiersdorf.com/Compliance_Principles. The compliance management system of Beiersdorf is designed to support managers in their task to ensure compliance, issue and enforce suitable internal guidelines, and train employees. A new code of conduct is currently being developed for employees providing an overview of the type of behavior Beiersdorf expects from all employees. The code will also be available on our website once it has been implemented.

Sustainability

In our Sustainability Guidelines, we set out our values and our economic, ecological, and social responsibility. Further information on this and our sustainability strategy can be found in the Sustainability Report (page 10ff. of these Annual Financial Statements and Management Report) and at www.Sustainability.Beiersdorf.com/Sustainability_Guidelines.

Human Resources Policy

When recruiting employees, we set store by leadership ability and team spirit. "Superior Talent in Lean Organization" is one of the cornerstones of our Consumer Business Strategy. This stands for performance orientation, the promotion of change, and innovation at all levels of our Company. As part of our human resources activities, we focus on identifying talent throughout the Company and on promoting and developing leadership skills. We invest in targeted qualification and training programs for our employees. Our human resources policy has five main elements:

1. **Employee development:** We support our employees' individual career plans – whether by continuing to develop their skills or by appropriately rewarding their particular achievements.
2. **Organization:** We rely on a lean and transparent organizational structure.
3. **Remuneration:** Our remuneration policy is transparent. Salaries are based on the employee's function, experience, and performance and are oriented on the labor market.
4. **Social involvement:** We encourage a spirit of partnership. This applies to employees' dealings with each other as well as to the Company's contacts with different groups in society.
5. **Communication and management:** We maintain an open and constructive dialog. Binding performance targets are set for every employee with their cooperation. Management ensures transparent, fair performance evaluation.

Our human resources policy is specifically integrated into our overall corporate policy, as it is closely linked to our Company's success. The exact wording of our human resources policy can be found at www.Sustainability.Beiersdorf.com/HR_Policy.

Our five Commitments serve to point our managers in the right direction. They are a challenge and, at the same time, a commitment to managers' most important day-to-day task: leading by example. They can be found at www.Sustainability.Beiersdorf.com/Management_Commitments.

Risk Management

Risk management is an integral part of central and local planning, management, and control processes, and conforms to consistent standards across the Group. Our open communications policy, the risk inventory carried out at regular intervals, and the planning and management system ensure that our risk situation is presented transparently.

Further information can be found in the Risk Report on page 29ff. of these Annual Financial Statements and Management Report.

Risk Report

Integrated Risk and Opportunity Management System

Entrepreneurial success cannot be achieved without consciously taking risks. Risk management helps us to master the risks associated with the strategic objectives of the business and to maximize our strategic potential. Regular strategy reviews ensure that opportunities and risks are well balanced. We incur risks only if there is a corresponding opportunity for an appropriate increase in value and if they can be managed using established methods and measures within our organization.

Risk management is an integral part of central and local planning, management, and control processes, and conforms to consistent standards across the Group. Our open communications policy, the risk inventory carried out at regular intervals, and the planning and management system ensure that our risk situation is presented transparently. Risk management is coordinated at Group headquarters.

Our Internal Audit department monitors compliance with the internal control system by means of systematic audits. The department is independent of the Group's operating activities, thus guaranteeing the integrity of our business processes and the effectiveness of the systems and controls we have put in place. In addition, the external auditors audit the risk early warning and monitoring system. They report their audit findings to the Executive Board and to the Audit and Finance Committee of the Supervisory Board, which regularly focuses on these topics.

Our Risk Profile

Strategic and Sector-specific Risks

Maintaining and increasing the value of our major consumer brands with their broad appeal are of central importance for Beiersdorf's business development. We have geared our risk management system towards protecting the value of our brands. Our compliance with high standards of product quality and safety is the basis for our consumers' continued trust in our brands. We therefore perform in-depth safety assessments when developing new products. Our products are subject to the strict criteria of our quality assurance system throughout the entire procurement, production, and distribution process.

Innovations based on strong research and development are a precondition for consumer acceptance of our products, and for the latters' appeal. Prudent brand management captures consumer trends as well as the results of in-depth market and competitive analyses, and at the same time ensures that the brand's core remains intact and is carefully enhanced.

Strong brands that balance innovation and continuity are our response to fierce global competition on price, quality, and innovation. By developing and implementing the "Consumer Insights" process, we have laid the groundwork for identifying consumer wishes even faster and reflecting them in the products we develop. This also counteracts the growing retail concentration and the regional emergence of private label products.

Expertise-based brands require a high degree of upfront investment in innovation and marketing. The continuous expansion of our trademark and patent portfolio therefore plays a key role. In particular, the systematic registration and enforcement of our intellectual property rights prevents the imitation and counterfeiting of our products, and thus helps safeguard and further increase the earnings potential previously created.

Performance and IT Risks

We counter the risk of bad debts through detailed monitoring of our customer relationships, active receivables management, and the selective use of trade credit insurance.

We counter procurement risks relating to the availability and price of raw materials, merchandise, and services by continuously monitoring our markets and suppliers and ensuring active management of our supplier portfolio, as well as appropriate contract management. Procurement strategies are reviewed regularly and adjusted to reflect internal and external requirements.

Cooperation and contacts with universities enable us to build global links to qualified new employees, for whom we have a special trainee program to prepare them for a career at Beiersdorf. Our uniform global talent management process identifies and develops talented specialists and management personnel at all levels and ensures that key positions within the Company can be filled as they become vacant.

We counter compliance risks by providing clear management structures and through efficient organizational measures. Occupational safety, environmental, and business interruption risks in our production and logistics activities are minimized by process control checks and location-specific audits. We minimize risks relating to the availability, reliability, and efficiency of our IT systems through continuous monitoring and process improvements, as well as by establishing a continuity management system as an integrated part of IT operations. We transfer selected risks to insurance companies, when economically appropriate.

Financial Risks

Currency, interest rate, and liquidity risks are subject to active treasury management based on global guidelines. In most cases they are managed and hedged centrally. In this context, the specific requirements for the organizational separation of the trading, settlement, and controlling functions are taken into account. Derivative financial instruments serve solely to hedge operational activities and financial transactions essential to the business. They do not expose the Group to any additional risks.

We limit currency risks from intragroup deliveries of goods and services using currency forwards. About 75% of forecasted annual net cash flows are hedged (cash flow hedges of forecasted transactions). Currency risks from cross-border intragroup financing are fully hedged in the market by the central treasury department using currency forwards.

The Company limits potential default risks relating to the investment of the Group's liquid funds by only making short-term investments with prime-rated counterparties. Counterparty risk is monitored on the basis of credit ratings and the counterparties' liable capital as well as our own risk-bearing capacity. In addition, we monitor counterparties' relative credit ratings using methods that provide up-to-the-minute assessments of market participants. With the help of these parameters, maximum amounts are determined for investments with each partner bank (counterparty limits) and are regularly compared with investments actually made across the Group. Given the developments in the capital markets, we invested more than half of our liquidity in low-risk liquid investments (such as government and corporate bonds).

We use liquidity concentration methods and tools at our affiliates in order to optimally manage our investments. Appropriate systems ensure we have transparency concerning our affiliates' remaining funds. Positive balances are registered with central counterparty risk management.

Our financial risk management is characterized by the clear allocation of responsibilities, central rules for limiting financial risks as a matter of principle, the conscious alignment of the instruments deployed with the requirements of our business activities, and separate monitoring by a Treasury Committee that includes international members.

Other Risks

An accounting-related internal control system is used to ensure the correctness of the bookkeeping and accounting as well as the reliability of the financial reporting in the annual financial statements and management report. It's defining features are preventive and monitoring control measures in the accounting and operational functions, which form integral parts of key processes. These measures include the separation of functions, predefined approval processes, and system-based methods for processing accounting-related data. The main accounting processes of Beiersdorf AG are covered by Beiersdorf Shared Services GmbH. Accounting-related reporting is IT-based. Basic principles, processes and the organization of accounting are documented in an accounting & controlling manual as well as in a risk management manual.

Along with other companies, affiliates of the Beiersdorf Group are involved in antitrust proceedings relating to cosmetic products on a national level in Europe. At present no reliable comprehensive assessment of the overall risk is possible from the Group's perspective.

Summary of the Risk Situation for Beiersdorf AG

Based on our current assessment, Beiersdorf AG is not exposed to any risks that could endanger its continued existence.

Report by the Executive Board on Dealings among Group Companies

In accordance with § 312 *Aktiengesetz* (German Stock Corporation Act, *AktG*), the Executive Board has issued a report on dealings among group companies which contains the following concluding declaration: "According to the circumstances known to us at the time the transactions were executed, or measures were implemented or omitted, Beiersdorf Aktiengesellschaft received appropriate consideration for every transaction and has not been disadvantaged by the implementation or omission of any measures."

Report on Post-Balance Sheet Date Events

No significant events occurred after the end of the fiscal year that would have a material effect on the Beiersdorf AG's business development.

Disclosures of Takeover Provisions

The disclosures required under § 289 (4) *Handelsgesetzbuch* (German Commercial Code, *HGB)* are presented below.

Please refer to page 41 of the Notes to the Annual Financial Statements for the disclosures on the composition of the subscribed capital and to page 45ff. of the notes to the annual financial statements for the disclosures on direct or indirect interests in the share capital exceeding 10% of the voting rights. In addition to this Michael Herz, Germany, informed the Executive Board that further shares in Beiersdorf Aktiengesellschaft are attributable to him and that he directly holds shares in Beiersdorf Aktiengesellschaft. In total the share of voting rights of Michael Herz amounts to 60.46% in Beiersdorf Aktiengesellschaft (including 9.99% own shares held by Beiersdorf Aktiengesellschaft, which do not carry voting or dividend rights).

The appointment and removal from office of members of the Executive Board are governed by §§ 84 and 85 Aktiengesetz (German Stock Corporation Act, *AktG*), § 31 Mitbestimmungsgesetz (German Co-Determination Act, MitbestG), and § 7 of the Articles of Association. In accordance with § 7 of the Articles of Association, the Executive Board consists of at least three persons; apart from this provision, the Supervisory Board determines the number of members of the Executive Board. The Articles of Association may be amended in accordance with §§ 179 and 133 *AktG* and with § 16 of the Articles of Association. Under § 16 of the Articles of Association, the Supervisory Board is authorized to resolve amendments and additions to the Articles of Association that concern the latter's wording only. Under § 5 (6) of the Articles of Association, the Supervisory Board is authorized in particular to amend and reformulate § 5 of the Articles of Association (Share Capital) correspondingly following each utilization of authorized or contingent capital.

The Annual General Meeting on May 18, 2005 authorized the Executive Board, 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 €87 million (Authorized Capital I: €45 million; Authorized Capital II: €21 million; Authorized Capital III: €21 million) by issuing new bearer shares on one or several occasions. In this context, the dividend rights for new shares may be determined by a different method than that set out in § 60 (2) *AktG*.

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

1. to eliminate fractions created as a result of capital increases against cash contributions (Authorized Capital I, II, III);

2. to the extent necessary to grant the holders/creditors of convertible bonds or bonds with warrants issued by Beiersdorf AG, or companies in which it holds a direct or indirect majority interest, preemptive 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 (Authorized Capital I, II, III);

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 10% of the share capital, those shares must be included for which the preemptive rights of shareholders are disapplied 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 (Authorized Capital II);

4. in the case of capital increases against non-cash contributions, for the purpose of acquiring companies or equity interests in companies (Authorized Capital III).

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

The Annual General Meeting on May 18, 2005 also resolved to contingently increase the share capital by up to a total of €40 million. In addition, the Annual General Meeting on May 17, 2006 resolved a capital increase from retained earnings. In accordance with § 218 sentence 1 *AktG*, contingent capital is increased by the same proportion. It therefore now amounts to €46,875,000. In accordance with the resolution by the Annual General Meeting, the contingent capital increase will be implemented only if

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

and the contingent capital is required for this in accordance with the terms and conditions of the bonds.

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

By way of a resolution of the Annual General Meeting on April 30, 2009, Beiersdorf AG was authorized in accordance with § 71 (1) no. 8 *AktG* to purchase own shares in the total amount of up to 10% of the existing share capital in the period up to October 29, 2010. The shares shall be purchased via the stock exchange or via a public purchase offer addressed to all shareholders. By way of a resolution dated April 30, 2009, the Annual General Meeting also authorized the Executive Board, with the approval of the Supervisory Board, to sell in whole or in part the own shares purchased on the basis of the above-mentioned or a prior authorization while disapplying the shareholders' preemptive rights including in a way other than via the stock exchange or via a purchase offer to all shareholders, to the extent that these shares are sold for cash at a price that does not fall materially below the market price of the same class of shares of the Company at the time of the sale. The Executive Board is also authorized, with the approval of the Supervisory Board, to utilize the above-mentioned own shares in whole or in part as consideration or partial consideration in the context of a merger or the acquisition of companies, equity interests in companies (including increases in equity interests), or business units of companies, while disapplying the preemptive rights of shareholders. Moreover, the Executive Board is authorized, with the approval of the Supervisory Board, to utilize the above-mentioned own shares in whole or in part, while disapplying the preemptive rights of shareholders, in order to satisfy the subscription and/or conversion 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 authorized, with the approval of the Supervisory Board, to retire the above-mentioned own shares without requiring an additional resolution by the Annual General Meeting.

The creation of the authorized and contingent capital is intended to put the Company in the position of being able to react to growth opportunities and capital market situations quickly and flexibly. The authorization to purchase and utilize own shares enables the Company in particular to also offer shares of the Company to institutional or other investors and/or to expand the shareholder base of the Company, as well as to utilize the purchased own shares as consideration or partial consideration for the acquisition of companies or equity interests in companies (including increases in equity interests), or as part of a merger, i.e. against non-cash consideration.

Report on Expected Developments

Expected Macroeconomic Developments

Assessing economic developments in the coming years remains subject to considerable uncertainty. However, signs of recovery are visible following the worst recession in recent decades. Our planning is therefore based on an economic upturn in 2010 and 2011, although there are likely to be significant regional differences in the speed and strength of the recovery.

We expect slight growth in the United States, Western Europe, and Germany in 2010. We believe that momentum will pick up again in the growth regions of Asia (excluding Japan), Eastern Europe and Latin America, but that it will not yet return to its original level. We expect that consumer spending will increase only slightly in the coming year.

We are forecasting a trend toward cost-driven price increases in the global procurement markets for 2010. This trend will be reinforced by increasing consolidation among companies in strategic procurement markets.

Sector Developments

In our opinion, growth on the global cosmetics market will improve slightly, but remain well below the long-term trend. We are anticipating a slight recovery in the major saturated Western European markets. The North American market is likely to be flat at best. Growth will probably pick up again in Eastern Europe and Asia.

Our Market Opportunities

Despite the economic situation described above, Beiersdorf still has opportunities for business development. These are based on our internationally oriented strategic positioning, and particularly on our strong focus on our brands and our increasing presence in growth markets. This process combines sales growth, long-term earnings power, a solid financing structure, and the stabilization of our innovation lead through our extensive research and development activities. We are continuing to build on our stream of innovations. Careful and sustainable brand development plays a crucial role in establishing consumer trust in our products: Once again, NIVEA was voted the “Most Trusted Brand” by Reader’s Digest in 2009 – a competitive advantage that offers extensive opportunities, especially given current sector developments. This, together with the dedication and excellence of our employees, forms the basis for our ability to identify and exploit potential opportunities.

Business Developments

Our assessment of business developments in the coming years is based on the above assumptions. We are convinced that Beiersdorf can perform well in an environment that is stabilizing. We therefore expect Beiersdorf AG’s sales to be slightly above the market.

We also expect the operating result, after adjustment for special factors, to be comparable with that reported in the year under review. This will not offset the decline in the financial result due to lower dividend income. As a result, we are forecasting a decrease in profit after tax.

We firmly believe that we are extremely well positioned to meet the challenges facing us thanks to our strong brands, innovative products, process optimizations, and strategic focus.

Hamburg, February 9, 2010

Beiersdorf AG
The Executive Board

Income Statement – Beiersdorf AG

IN € MILLION

	Notes	2008	2009
Sales	01	**1,050**	**1,054**
Other operating income	02	121	169
Cost of materials	03	–228	–270
Personnel expenses	04	–213	–229
Depreciation and amortization of property, plant, and equipment, and intangible assets	05	–46	–46
Other operating expenses	06	–578	–504
Special factors relating to the realignment of the Consumer Supply Chain	07	35	–
Operating result		**141**	**174**
Net income from investments	08	237	265
Net interest income/expense	09	–10	5
Other financial result	10	–14	2
Financial result		**213**	**272**
Result from ordinary activities		**354**	**446**
Taxes on income	11	–61	–65
Profit after tax		**293**	**381**
Transfer to other retained earnings	35	–66	–190
Net retained profits		**227**	**191**

Balance Sheet – Beiersdorf AG

IN € MILLION

Assets	Notes	Dec. 31, 2008	Dec. 31, 2009
Intangible assets	14	115	81
Property, plant, and equipment	15	66	66
Financial assets	16	1,201	1,204
Fixed assets		**1,382**	**1,351**
Inventories		1	2
Receivables and other assets	17	336	305
Securities	18	1,816	1,894
Cash and cash equivalents		235	268
Current assets		**2,388**	**2,469**
Prepaid expenses		**3**	**1**
		3,773	**3,821**

Equity and Liabilities	Notes	Dec. 31, 2008	Dec. 31, 2009
Share capital	19/20/21	252	252
Additional paid-in capital		47	47
Retained earnings	22	1,530	1,743
Net retained profits		227	191
Equity		**2,056**	**2,233**
Special reserve with an equity portion	23	**40**	**42**
Provisions for pensions and other employee benefits	24	519	452
Other provisions	25	255	259
Provisions		**774**	**711**
Trade payables		26	31
Other liabilities		877	804
Liabilities	26	**903**	**835**
		3,773	**3,821**

Basis of Preparation of Beiersdorf AG's Financial Statements

The annual financial statements of Beiersdorf AG are prepared in accordance with the provisions of the *Handelsgesetzbuch* (German Commercial Code, *HGB*) and the *Aktiengesetz* (German Stock Corporation Act, *AktG*). The recommendations of the German Corporate Governance Code that are relevant to the annual financial statements were taken into account.

Where items in the balance sheet and the income statement have been summarized to aid clarity, they are disclosed and explained separately in the notes. The annual financial statements are prepared in euros (€); amounts are given in millions of euros (€ million).

As a parent company, Beiersdorf AG prepares its own consolidated financial statements. Beiersdorf's consolidated financial statements are also included in the consolidated financial statements of maxingvest ag, Hamburg, which prepares the consolidated financial statements for the largest Group of companies. Both sets of consolidated financial statements are published in the electronic Bundesanzeiger (Federal Gazette).

Notes to the Income Statement

01 • Sales

Beiersdorf AG is responsible for business in Germany with branded consumer products for skin and beauty care, which are bundled in the Consumer business segment. It also provides typical holding company services to affiliates in the course of its ordinary activities. Beiersdorf AG's sales increased by €4 million to €1,054 million (previous year: €1,050 million).

SALES BY REGION // IN € MILLION

	2008	2009
Germany	851	859
Rest of Europe	132	122
Americas	30	32
Africa/Asia/Australia	37	41
	1,050	**1,054**

02 • Other Operating Income

Other operating income rose from €121 million to €169 million. It consists of income from the reduction of pension obligations due to amendments to the pension plan for TROMA Alters- und Hinterbliebenenstiftung of €75 million, gains on fixed asset disposals of €2 million (previous year: €4 million), income from the reversal of provisions of €24 million (previous year: €20 million), foreign exchange gains on trade receivables and payables of €5 million (previous year: €3 million), income from services provided to affiliated companies of €52 million (previous year: €58 million), and other income of €11 million (previous year: €12 million).

03 • Cost of Materials

The cost of materials of €270 million (previous year: €228 million) includes the acquisition cost of the goods sold.

04 • Personnel Expenses

IN € MILLION

	2008	2009
Wages and salaries	162	170
Social security contributions and other benefits	23	23
Pension expenses	28	36
	213	**229**

05 • Depreciation and Amortization of Property, Plant, and Equipment, and Intangible Assets

In addition to depreciation and amortization, impairment losses of €7 million were recognized on intangible assets in the fiscal year.

06 • Other Operating Expenses

Other operating expenses declined from €578 million to €504 million. They consist of marketing expenses of €326 million (previous year: €342 million), maintenance costs totaling €7 million (previous year: €9 million), outgoing freight in the amount of €6 million (previous year: €8 million), foreign exchange losses on trade receivables and payables of €7 million (previous year: €3 million), write-downs on receivables of €1 million (previous year: €2 million), expenses resulting from transfers to the special reserve with an equity portion of €2 million (previous year: €45 million), costs of services charged by affiliated companies of €36 million (previous year: €35 million), other taxes of €2 million (previous year: €2 million), and other expenses totaling €117 million (previous year: €132 million).

07 • Special Factors Relating to the Realignment of the Consumer Supply Chain

In the previous year, the activities in connection with the realignment of the Consumer Supply Chain, particularly the sale of the site in Hamburg-Hausbruch, resulted in one-time income of €35 million for Beiersdorf AG.

08 • Net Income from Investments

IN € MILLION

	2008	2009
Income from investments (thereof from affiliated companies)	144 (143)	216 (216)
Income from profit transfer agreements (thereof from affiliated companies)	59 (59)	54 (54)
Reversals of write-downs of investments	3	7
Write-downs of investments	–	–12
Gains on the disposal of investments	31	–
	237	**265**

09 • Net Interest Income/Expense

IN € MILLION

	2008	2009
Other interest and similar income (thereof from affiliated companies)	15 (4)	18 (2)
Interest and similar expenses (thereof to affiliated companies)	–25 (–23)	–13 (–9)
	–10	**5**

10 • Other Financial Result

IN € MILLION

	2008	2009
Other financial income	85	93
Other financial expenses	–99	–91
	–14	**2**

Other financial income consists of foreign exchange gains on financial items of €92 million (previous year: €84 million). Other financial expenses comprise foreign exchange losses on financial items of €91 million (previous year: €99 million).

11 • Taxes on Income

Corporation tax, the solidarity surcharge, trade tax, and paid withholding tax are reported as income tax expenses.

12 • Other Taxes

Other taxes are reported under other operating expenses. They amounted to €2 million (previous year: €2 million).

13 • Disclosure in Accordance with § 285 (5) *HGB*

Beiersdorf AG's profit after tax declined by €1 million (previous year: decrease by €31 million) due to accelerated tax write-downs and to income and expense resulting from the change in the special reserves with an equity portion.

Notes to the Balance Sheet

14 • Intangible Assets

IN € MILLION

	Patents, licenses, trademarks, and similar rights and assets	Advance payments	Total
Cost			
Opening balance Jan. 1, 2009	**327**	–	**327**
Additions	1	–	1
Disposals	–1	–	–1
Transfers	–	–	–
Closing balance Dec. 31, 2009	**327**	–	**327**
Amortization			
Opening balance Jan. 1, 2009	**212**	–	**212**
Additions	35	–	35
Disposals/transfers	–1	–	–1
Closing balance Dec. 31, 2009	**246**	–	**246**
Carrying amount Dec. 31, 2009	**81**	–	**81**
Carrying amount Dec. 31, 2008	115	–	115

Purchased intangible assets are carried at cost less straight-line amortization. Intangible assets are generally amortized over a period of five years, and in exceptional cases over three to ten years.

15 • Property, Plant, and Equipment

IN € MILLION

	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Cost					
Opening balance Jan. 1, 2009	**184**	**7**	**106**	**2**	**299**
Additions	–	–	11	1	12
Disposals	–	–1	–20	–	–21
Transfers	–	–	2	–2	–
Closing balance Dec. 31, 2009	**184**	**6**	**99**	**1**	**290**
Depreciation					
Opening balance Jan. 1, 2009	**141**	**6**	**86**	–	**233**
Additions	3	–	8	–	11
Disposals/transfers	–	–1	–19	–	–20
Closing balance Dec. 31, 2009	**144**	**5**	**75**	–	**224**
Carrying amount Dec. 31, 2009	**40**	**1**	**24**	**1**	**66**
Carrying amount Dec. 31, 2008	43	1	20	2	66

Property, plant, and equipment is carried at cost and reduced by straight-line depreciation over the assets' expected useful lives. Buildings are depreciated on a straight-line basis over a useful life of 25 to 50 years. Movable assets are generally depreciated using the declining-balance method at first, and subsequently using the straight-line method of depreciation. The useful life of technical equipment and machinery, and office and other equipment, is generally ten years, in exceptional cases three to fifteen years. We write off low-value assets up to €150 in full in the year of acquisition. Assets costing between €150 and €1,000 are pooled and written down over five years.

16 • Financial Assets

IN € MILLION

	Investments in affiliated companies	Other investments	Investment securities	Other loans	**Total**
Cost					
Opening balance Jan. 1, 2009	**1,227**	**3**	**3**	–	**1,233**
Additions	6	–	2	–	8
Disposals	–	–	–	–	–
Transfers	–	–	–	–	–
Closing balance Dec. 31, 2009	**1,233**	**3**	**5**	–	**1,241**
Write-downs					
Opening balance Jan. 1, 2009	**32**	–	–	–	**32**
Write-downs/reversals of write-downs	5	–	–	–	5
Disposals/transfers	–	–	–	–	–
Closing balance Dec. 31, 2009	**37**	–	–	–	**37**
Carrying amount Dec. 31, 2009	**1,196**	**3**	**5**	–	**1,204**
Carrying amount Dec. 31, 2008	1,195	3	3	–	1,201

Financial assets are carried at cost. Write-downs to a lower value at the balance sheet date are charged if the impairment is expected to be permanent. Write-downs are reversed up to cost if the reasons for permanent impairment no longer apply. Additions to investments dating from before the *Aktiengesetz* (German Stock Corporation Act, *AktG*) came into force in 1965 are carried as pro mem items.

17 • Receivables and Other Assets

IN € MILLION

	2008	2009
Trade receivables (thereof due after more than one year)	88 (–)	65 (–)
Receivables from affiliated companies (thereof due after more than one year)	220 (–)	214 (–)
Receivables from associated companies (thereof due after more than one year)	1 (–)	– (–)
Other assets (thereof due after more than one year)	27 (–)	26 (–)
	336	305

Receivables and other assets are carried at their nominal value. In addition to appropriate individual valuation adjustments for identifiable individual risks, general valuation adjustments are charged to take account of general credit risk.

Receivables in foreign currencies are carried at the exchange rate at the date on which the transaction is recorded or at the lower closing rate. If foreign currency receivables are hedged, these are carried at the hedge rate.

Receivables from affiliated companies comprise financial receivables of €136 million and trade receivables of €78 million.

18 • Securities

The securities item comprises own shares amounting to €955 million (previous year: €955 million) and short-term investments totaling €939 million (previous year: €861 million) in European government and corporate bonds and near-money market retail funds.

8,393,672 own shares were acquired on February 3, 2004 as part of the share buyback program implemented from December 23, 2003 to January 23, 2004 at a price of €113.76 per no-par value bearer share. On the one hand, the share buyback program was designed to help stabilize the ownership interests at Beiersdorf, thus ensuring the continuation of our successful growth model. On the other hand, it enabled the acquisition of an additional currency in the form of own shares that can be used in certain circumstances as non-cash consideration for potential acquisitions. After the 1:3 share split on July 17, 2006, the original 8,393,672 own shares resulted in 25,181,016 new shares.

19 • Share Capital

The share capital amounts to €252 million and is composed of 252 million no-par value bearer shares.

Since the settlement of the share buyback program on February 3, 2004, and following the implementation of the share split in 2006, Beiersdorf AG has held 25,181,016 no par-value bearer shares, corresponding to 9.99% of the Company's share capital.

20 • Authorized Capital

The Annual General Meeting on May 18, 2005 authorized the Executive Board, 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 €87 million (Authorized Capital I: €45 million; Authorized Capital II: €21 million; Authorized Capital III: €21 million) by issuing new bearer shares on one or several occasions. In this context, the dividend rights for new shares may be determined by a different method than that set out in § 60 (2) *Aktiengesetz* (German Stock Corporation Act, *AktG*).

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

1. to eliminate fractions created as a result of capital increases against cash contributions (Authorized Capital I, II, III);

2. to the extent necessary to grant the holders/creditors of convertible bonds or bonds with warrants issued by Beiersdorf AG, or companies in which it holds a direct or indirect majority interest, preemptive 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 (Authorized Capital I, II, III);

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 10% of the share capital, those shares must be included for which the preemptive rights of shareholders are disapplied 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 (Authorized Capital II);

4. in the case of capital increases against non-cash contributions, for the purpose of acquiring companies or equity interests in companies (Authorized Capital III).

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

21 • Contingent Capital

The Annual General Meeting on May 18, 2005 also resolved to contingently increase the share capital by up to a total of €40 million. In addition, the Annual General Meeting on May 17, 2006 resolved a capital increase from retained earnings. In accordance with § 218 sentence 1 *AktG*, contingent capital is increased by the same proportion. It therefore now amounts to €46,875,000. In accordance with the resolution by the Annual General Meeting, the contingent capital increase will be implemented only if

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

and the contingent capital is required for this in accordance with the terms and conditions of the bonds.

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

22 • Retained Earnings

IN € MILLION

	Dec. 31, 2008	**Dec. 31, 2009**
Legal reserve	4	4
Reserve for own shares	955	955
Other retained earnings	571	784
	1,530	**1,743**

The Annual General Meeting on April 30, 2009 resolved to transfer €23 million from net retained profits for fiscal year 2008 to other retained earnings. €190 million of the profit after tax for fiscal year 2009 was transferred to other retained earnings.

23 • Special Reserve with an Equity Portion

In the year under review, an amount of €2 million was transferred from disposal gains to the special reserve with an equity portion in accordance with § 6b *EStG*.

24 • Provisions for Pensions and Other Employee Benefits

Pension provisions cover maintenance obligations to former and current employees.

Pension obligations arising from defined contribution benefits, the amount of which is based on the fair value of the plan assets, are carried at the fair value of the plan assets. Other pension obligations are measured using the projected unit credit method required by IAS 19, taking into account future wage, salary, and pension increases and a current rate of interest if these pension benefits give rise to such an obligation. The wage and salary increase amounted to 3.0% (previous year: 3.5%), the pension increase to 1.75% (previous year: 2.0%), and the rate of interest was 5.75% (previous year: 6.25%). K. Heubeck's "2005 G mortality tables" were used as a basis for calculation.

Actuarial gains and losses are recognized as income or expense if the net cumulative unrecognized actuarial gains and losses at the end of the previous year exceed 10% of the defined benefit obligation. These gains and losses are then recognized over the expected average remaining working life of the employees covered (16.0 years; previous year: 15.8 years).

The amount recognized as pension provisions as of the reporting date (€452 million; previous year: €519 million) represents total defined contribution pension obligations (€2 million), the present value of other pension obligations (€375 million; previous year: €417 million), plus unrecognized actuarial gains (€75 million; previous year: €102 million).

25 • Other Provisions

IN € MILLION

	Dec. 31, 2008	Dec. 31, 2009
Provisions for taxes	24	32
Miscellaneous provisions	231	227
	255	**259**

Miscellaneous provisions include all identifiable future payment obligations, risks, and uncertain obligations of the Company. They relate to compensation under collective wage agreements and voluntary compensation for the workforce, expenses for part-time schemes for employees approaching retirement and severance agreements, contributions to occupational health and safety agencies, expenses for sales commissions, outstanding invoices, litigation risks, and other risks.

26 • Liabilities

IN € MILLION

	Dec. 31, 2008	Dec. 31, 2009
Trade payables	26	31
Liabilities to affiliated companies	860	792
Other liabilities	17	12
(thereof tax liabilities)	(8)	(3)
(thereof social security liabilities)	(3)	(5)
	903	**835**

Liabilities in foreign currencies are carried at the exchange rate at the date on which the transaction is recorded or at the higher closing rate. If foreign currency liabilities are hedged, these are carried at the hedge rate.

Liabilities to affiliated companies comprise financial liabilities of €770 million and trade payables of €22 million.

Of the other liabilities, €5 million is due in more than one year (of which €1 million is due in more than five years). The liabilities are not collateralized.

Other Disclosures

27 • Contingent Liabilities and Other Financial Obligations

IN € MILLION

	Dec. 31, 2008	Dec. 31, 2009
Contingent liabilities		
Obligations under guarantees and letters of comfort (thereof for affiliated companies)	56 (55)	34 (33)
Other financial obligations		
Obligations under rental agreements and leases	10	7
Obligations under purchase commitments for investments	2	1
	12	**8**

Guarantees and letters of comfort for Group companies include guarantees of €26 million (previous year: €48 million) for Beiersdorf CEE Holding, Austria, in connection with the acquisition of C-BONS Hair Care shares. Obligations from rental agreements and leases are reported at the total amount due until the earliest termination deadline.

28 • Derivative Financial Instruments

Beiersdorf AG's corporate treasury centrally handles the Beiersdorf Group's currency and interest rate management, and thus all transactions involving financial derivatives. Derivative financial instruments are used to hedge the Company's operating business and significant financial transactions that are important to the Company. Beiersdorf AG is not exposed to any additional risks as a result. The transactions are performed exclusively using standard market instruments (currency forwards only), as in the prior year.

Because of the small volume of non-current financial liabilities, interest rate risk is of no more than minor significance for the Beiersdorf Group. As a result, no interest rate hedges are entered into at present.

Beiersdorf AG uses currency forwards to hedge the risk of changes in exchange rates. Currency hedges relate primarily to intragroup deliveries of goods and services. In general, 75% of the planned net cash flows are hedged externally using currency forwards around three to six months before the start of the year; these currency forwards are then largely passed on at matching maturities to Group companies. As a matter of principle, currency risks relating to cross-border intragroup financing are hedged centrally in full and at matching maturities using currency forwards.

All these transactions are centrally recorded, measured, and managed in the treasury management system.

The notional value of the currency forwards at the balance sheet date was €1,508 million (previous year: €1,266 million). Of this amount, €1,428 million is due within one year. The notional values represent the aggregate of all purchase and selling amounts for derivatives. The notional values shown are not offset.

The fair value of the currency forwards at the balance sheet date was €2 million (previous year: €2 million). The fair value is calculated by measuring the outstanding items at market rates at the balance sheet date. At Beiersdorf AG, hedge accounting is used for derivatives entered into with banks and the respective underlying transactions passed on to the subsidiaries.

The positive fair values of derivatives include the default risk relating to the nonfulfillment of contractual obligations by counterparties. Our external counterparties are banks for which we consider the risk of default to be extremely low.

29 • Employees by Function

AVERAGE NUMBER DURING THE YEAR

	2008	2009
Research and development	450	456
Supply Chain	449	472
Sales and marketing	507	458
Other functions	566	571
	1,972	**1,957**

The average number of vocational training positions and trainees not included in employee figures was 349 (previous year: 339).

30 • Disclosures on the Supervisory and Executive Boards

For fiscal year 2009, the members of the Supervisory Board received remuneration totaling €1,386 thousand (previous year: €1,380 thousand, adjusted) and the Executive Board remuneration totaling €4,566 thousand (previous year: €4,743 thousand). For information on the system of Executive and Supervisory Board remuneration and the amount of members' individual remuneration, please refer to the Remuneration Report in the "Corporate Governance Statement" in the Management Report, starting on page 19. The Remuneration Report forms part of the Annual Financial Statements. Payments to former members of the Executive Board and their dependants totaled €2,274 thousand (previous year: €2,018 thousand).

Provisions for pension commitments to former members of the Executive Board and their dependants totaled €22,373 thousand (previous year: €23,755 thousand).

Members of the Executive and Supervisory Boards did not receive any loans from the Company.

31 • Audit

The Annual General Meeting on April 30, 2009 elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditors for fiscal year 2009. The following table gives an overview of the fees paid to the auditors, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, and recognized as expenses in the fiscal year:

FEES PAID TO THE AUDITORS // IN € THOUSAND

	2008	2009
Audit services	185	175
Other assurance services	105	68
Tax advisory services	102	3
	392	**246**

32 • Shareholdings of Beiersdorf AG

A complete list of Beiersdorf AG's shareholdings is issued separately.

33 • Shareholdings in Beiersdorf AG

Beiersdorf AG received the following notifications by shareholders of the Company in accordance with the provisions of the *Wertpapierhandelsgesetz* (German Securities Trading Act, *WpHG*), by the preparation date of the balance sheet (February 9, 2010):

1. Allianz SE, Munich, Germany informed us in accordance with § 21 (1) *WpHG* that its share of voting rights in our Company had fallen below the thresholds of 5% and 3% on June 25, 2009 and amounted to 2.88% (7,262,527 voting rights) as of this date. These voting rights were attributable to Allianz SE, in accordance with § 22 (1) sentence 1 no. 1, *WpHG*.

   At the same time, Allianz SE informed us in accordance with § 21 (1) *WpHG* in conjunction with § 24 *WpHG* that the share of voting rights held by AZ-Arges Vermögensverwaltungsgesellschaft mbH, Munich, Germany, in our Company had fallen below the thresholds of 5% and 3% on June 25, 2009, and that it amounted to 2.80% (7,055,917 voting rights) as of this date.

2. Capital Research and Management Company, Los Angeles, USA, informed us in accordance with § 21 (1) *WpHG* that its share of voting rights in our Company exceeded the threshold of 5% on January 5, 2010. As of this date, Capital Research and Management Company held 5.02% (12,657,995 ordinary shares) of all voting rights in our Company (voting rights from 252,000,000 ordinary shares). These 5.02% (12,657,995 ordinary shares) of all voting rights in our Company (voting rights from 252,000,000 ordinary shares) were attributed to Capital Research and Management Company in accordance with § 22 (1) sentence 1 no. 6 *WpHG*.

3. We were also informed of the following:

   a) Voting right notifications in accordance with § 21 (1) *WpHG* dated April 2, 2004, April 14, 2004, and April 16, 2004.

   The persons subject to the disclosure requirement (the "disclosers") listed in the table on the next page notified Beiersdorf Aktiengesellschaft on April 2, 2004, April 14, 2004, and April 16, 2004 in accordance with § 21 (1) *WpHG* that they had, for the first time, exceeded the 50% threshold and held 50.46% (42,386,400 voting rights) of Beiersdorf Aktiengesellschaft as of March 30, 2004.

   After adjustment for Beiersdorf Aktiengesellschaft's share buyback program, which was implemented on February 3, 2004, and the now performed attribution of the 9.99% (8,393,672 own shares) held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG*, the disclosers in accordance with § 21 (1) *WpHG* each exceeded the 50% threshold for the first time as of February 3, 2004 and each held a 59.95% share (50,360,072 voting rights) in Beiersdorf Aktiengesellschaft as of this date. This increase was solely the result of the attribution of the own shares held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG*

   The disclosers' total share of voting rights as of March 30, 2004 amounted to 60.45% (50,780,072 voting rights) in each case instead of 50.46% (42,386,400 voting rights).

   All shares of voting rights are attributable to the disclosers, with the exception of maxingvest ag, in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG*. 30.36% (25,500,805 voting rights) is attributable to maxingvest ag (which at the time traded under the name of Tchibo Holding AG) in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG*; at the time, the company directly held 20.10% (16,884,000 voting rights).

The chains of controlled companies are as follows

Discloser	Discloser's domicile and country of residence or of domicile	Disclosures in accordance with § 17 (2) *Verordnung zur Konkretisierung von Anzeige, Mitteilungs und Veröffentlichungspflichten sowie der Pflicht zur Führung von Insiderverzeichnissen nach dem Wertpapierhandelsgesetz* (Regulation to concretize the disclosure, notification and announcement duty as well as the duty to issue a list of insiders in accordance with the *WPHG*, *WpAIV*) (controlled companies via which the voting rights are effectively held and whose attributable share of the voting rights amounts to 3% or more) **at the time of § 17 (1) no. 6 *WpAIV***
SPM Beteiligungs- und Verwaltungs GmbH	Norderstedt, Germany	Trivium Vermögensverwaltungs GmbH, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
EH Real Grundstücksgesellschaft mbH & Co. KG (disclosed on March 12, 2008 that it held 0% (0 voting rights) as of January 15, 2007)	Norderstedt, Germany	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
EH Real Grundstücksverwaltungsgesellschaft mbH	Norderstedt, Germany	Scintia Vermögensverwaltungs GmbH, EH Real Grundstücksgesellschaft mbH & Co. KG, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Scintia Vermögensverwaltungs GmbH	Norderstedt, Germany	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Trivium Vermögensverwaltungs GmbH	Norderstedt, Germany	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Michael Herz	Germany	SPM Beteiligungs- und Verwaltungs GmbH, Trivium Vermögensverwaltungs GmbH, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Wolfgang Herz	Germany	EH Real Grundstücksverwaltungsgesellschaft mbH, EH Real Grundstücksgesellschaft mbH & Co. KG, Scintia Vermögensverwaltungs GmbH, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Agneta Peleback-Herz (disclosed on March 11, 2008 that she held 0% (0 voting rights) as of January 15, 2007)	Germany	EH Real Grundstücksgesellschaft mbH & Co. KG, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Ingeburg Herz GbR	Norderstedt, Germany	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Max und Ingeburg Herz Stiftung	Norderstedt, Germany	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Ingeburg Herz	Germany	Ingeburg Herz GbR, Max und Ingeburg Herz Stiftung, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Joachim Herz, represented by the Joachim Herz Stiftung as his legal successor (disclosed on August 30, 2007 that he held 0% (0 voting rights) as of January 1, 2005)	Hamburg, Germany	Coro Vermögensverwaltungsgesellschaft mbH, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Coro Vermögensverwaltungsgesellschaft mbH (disclosed on August 30, 2007 that it held 0% (0 voting rights) as of January 1, 2005)	Hamburg, Germany	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
maxingvest ag (trading under the name of Tchibo Holding AG until September 12, 2007)	Hamburg, Germany	Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft

To clarify: The own shares held by Beiersdorf Aktiengesellschaft do not carry voting or dividend rights in accordance with § 71b *Aktiengesetz* (German Stock Corporation Act, *AktG*).

b) Voting right notification in accordance with § 21 (1) *WpHG* dated December 29, 2004

The voting right notification issued on December 29, 2004 by maxingvest ag (which at the time traded under the name of Tchibo Holding AG) in accordance with § 21 (1) *WpHG* disclosed that Tchibo Beteiligungsgesellschaft mbH exceeded the 50% threshold for the first time when it acquired 20.10% of voting rights in Beiersdorf Aktiengesellschaft from Tchibo Holding AG, and that it held 50.46% (42,386,400 voting rights) in Beiersdorf Aktiengesellschaft as of December 22, 2004. After adjustment for Beiersdorf Aktiengesellschaft's share buyback program, which was implemented on February 3, 2004, and the now performed attribution in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* of the 9.99% (8,393,672 own shares) acquired as part of the buyback program performed, Tchibo Beteiligungsgesellschaft mbH exceeded the 50% threshold in accordance with § 21 (1) *WpHG* for the first time as of December 22, 2004 and held 60.45% (50,780,072 voting rights) of Beiersdorf Aktiengesellschaft as of this date. A total of 40.35% (33,894,477 voting rights) was attributable to Tchibo Beteiligungsgesellschaft mbH. The chain of controlled companies is as follows: Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft. The increase was solely the result of the attribution of the own shares held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG*.

c) Voting right notification in accordance with § 21 (1) *WpHG* dated March 11, 2008

E.H. Real Grundstücksverwaltungsgesellschaft mbH's voting right notification dated March 11, 2008 is hereby revoked.

E.H. Grundstücksverwaltungsgesellschaft mbH's share of voting rights also exceeded the 3, 5, 10, 15, 20, 25, 30, and 50% thresholds as of January 15, 2007 and continued to do so thereafter and, including the 9.99% held by Beiersdorf Aktiengesellschaft (25,181,016 own shares after adjustment for the increase of the share capital from retained earnings without the issue of new shares and the 1:3 reclassification of the share capital (share split) in 2006) continues to amount to 60.45% in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (152,340,216 voting rights after the adjustment for the increase of the share capital from retained earnings without the issue of new shares and the 1:3 reclassification of the share capital (share split) in 2006).

4. In accordance with § 25 (1) sentence 3 in conjunction with § 21 (1) sentence 1 *WpHG* (former version), Beiersdorf AG also announced that it had exceeded the threshold of 5% of the voting rights in its own company on February 3, 2004, and that a share of 9.99% has been attributable to it since then. The own shares held by the Company do not carry voting or dividend rights in accordance with § 71b *Aktiengesetz* (German Stock Corporation Act, *AktG*).

34 • Declaration of Compliance with the German Corporate Governance Code

In September 2009, the Executive Board and Supervisory Board updated the Declaration of Compliance for fiscal year 2008 and at the end of December 2009 issued the Declaration of Compliance with the recommendations of the Code for fiscal year 2009 in accordance with § 161 *Aktiengesetz* (German Stock Corporation Act, *AktG*).

The Declaration of Compliance was made permanently accessible to shareholders on the Company's website at www.Beiersdorf.com/Declaration_of_Compliance.

35 • Proposal on the Utilization of Beiersdorf AG's Net Retained Profits

IN €

	2009
Profit after tax of Beiersdorf AG	381,034,812.36
Transfer to other retained earnings	–190,517,406.18
Net retained profits	**190,517,406.18**

At the Annual General Meeting, the Executive Board and Supervisory Board will propose that the net retained profits for fiscal year 2009 of €190,517,406.18 million should be utilized as follows:

IN €

	2009
Distribution of a dividend of €0.70 per no-par value share carrying dividend rights (226,818,984 no-par value shares)	158,773,288.80
Transfer to other retained earnings	31,744,117.38
Net retained profits	**190,517,406.18**

The amount specified for the total dividend reflects the shares carrying dividend rights at the time of the Executive Board's proposal on the utilization of the net retained profits. 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 net retained 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 share carrying dividend rights remains unchanged. If necessary, an appropriately modified draft resolution will be presented to the Annual General Meeting.

Beiersdorf AG Boards

HONORARY CHAIRMAN OF THE COMPANY

Georg W. Claussen

SUPERVISORY BOARD

Name	Place of residence	Profession	Memberships
Prof. Dr. Reinhard Pöllath Chairman	Munich	Lawyer P+P Pöllath + Partners	Chairman of the Supervisory Board - maxingvest ag - SinnerSchrader AG (until Dec. 16, 2009) - EDOB Abwicklungs AG (formerly Escada AG) Member of the Supervisory Board - Tchibo GmbH - Wanzl GmbH & Co. Holding KG Member of the Board - Tisbury Capital Ltd., London (until July 16, 2009)
Thorsten Irtz Deputy Chairman	Stapelfeld	Chairman of the Works Council of Beiersdorf AG	Member of the Supervisory Board - maxingvest ag (until June 25, 2009)
Thomas Holzgreve Deputy Chairman (since April 30, 2009)	Bad Oldesloe	Member of the Board of maxingvest ag	Member of the Supervisory Board - Tchibo GmbH (since May 15, 2009)
Dr. Arno Mahlert Deputy Chairman (until April 30, 2009)	Hamburg	Merchant	Chairman of the Supervisory Board - GfK SE (formerly GfK AG) - Tchibo GmbH (until May 14, 2009) Deputy Chairman of the Supervisory Board - Saarbrücker Zeitung GmbH - Zeitverlag Gerd Bucerius GmbH & Co. KG (since June 1, 2009) Member of the Supervisory Board - maxingvest ag (since June 25, 2009) Chairman of the Board - Springer Science + Business Media S.A., Luxembourg
Dieter Ammer (until April 30, 2009)	Hamburg	Chairman of the Executive Board of Conergy AG	Member of the Supervisory Board - GEA Group AG - Heraeus Holding GmbH
Elke Bruns (since April 30, 2009)	Norderstedt	Standards specialist at Beiersdorf AG	
Dr. Walter Diembeck	Hamburg	Head of Biocompatibility – Research and Development at Beiersdorf AG	Member of the Supervisory Board - maxingvest ag (until June 25, 2009)
Prof. Dr. Eva Eberhartinger (since April 30, 2009)	Vienna, Austria	University professor/Vice Rector Finance, Vienna University of Economics and Business, Vienna, Austria	
Frank Ganschow (until April 30, 2009)	Kiebitzreihe	Chairman of the Works Council of tesa SE	Member of the Supervisory Board - tesa SE (intragroup)
Michael Herz	Hamburg	Member of the Executive Board of maxingvest ag	Chairman of the Supervisory Board - Tchibo GmbH (previously Member of the Supervisory Board) (since May 15, 2009) - maxingvest ag (until February 28, 2009) - tesa SE (intragroup)
Dr. Rolf Kunisch	Überlingen	Former Chairman of the Executive Board of Beiersdorf AG	Member of the Supervisory Board - maxingvest ag Member of the Advisory Board - Dr. August Oetker Nahrungsmittel KG
Tomas Nieber	Bad Münder	Head of Department – Economic and Industry Policy of Industriegewerkschaft Bergbau, Chemie, Energie	Member of the Supervisory Board - Evonik Degussa GmbH - maxingvest ag Member of the Advisory Board - Qualifizierungsförderwerk Chemie GmbH
Stefan Pfander (until April 30, 2009)	Berg	Management consultant	Deputy Chairman of the Supervisory Board - GfK SE (formerly GfK AG) Member of the Supervisory Board - maxingvest ag Member of the Board of Directors - Barry Callebaut AG, Zurich - GfK e.V. (until January 27, 2009)

Ulrich Plechinger (until April 30, 2009)	Hamburg	Head of Corporate Pension and Insurance Management at Beiersdorf AG	
Prof. Manuela Rousseau	Rellingen	Head of Corporate Social Responsibility at Beiersdorf AG	Professor at the Academy of Music and Theater, Hamburg Member of the Supervisory Board - maxingvest ag (since June 25, 2009)
Volker Schopnie (since April 30, 2009)	Halstenbek	Deputy Chairman of the Works Council of Beiersdorf AG	Member of the Supervisory Board - maxingvest ag (since June 25, 2009)
Thomas Siemsen (since April 30, 2009)	Hamburg	Tax advisor/SES Siemsen Eder Steuerberatungsgesellschaft mbH	Deputy Chairman of the Supervisory Board - TROST Auto Service Technik SE (formerly Coro Holding SE) (previously Member of the Supervisory Board) (since April 1, 2009) Member of the Supervisory Board - Joachim Herz Holding Inc., Atlanta, USA

SUPERVISORY BOARD COMMITTEES

Members of the Executive Committee	Members of the Audit and Finance Committee	Members of the Nomination Committee	Members of the Mediation Committee
- **Prof. Dr. Reinhard Pöllath** (Chairman) - **Michael Herz** - **Thomas Holzgreve** (since April 30, 2009) - **Thorsten Irtz** - **Dr. Arno Mahlert** (until April 30, 2009)	- **Thomas Holzgreve** (since April 30, 2009, Chairman) - **Dr. Arno Mahlert** (until April 30, 2009, previously Chairman) - **Dieter Ammer** (until April 30, 2009) - **Dr. Walter Diembeck** - **Prof. Dr. Eva Eberhartinger** (since April 30, 2009) - **Prof. Dr. Reinhard Pöllath** - **Volker Schopnie** (since April 30, 2009)	- **Prof. Dr. Reinhard Pöllath** (Chairman) - **Prof. Dr. Eva Eberhartinger** (since April 30, 2009) - **Thomas Holzgreve** (since April 30, 2009) - **Dr. Rolf Kunisch** - **Dr. Arno Mahlert** (until April 30, 2009) - **Stefan Pfander** (until April 30, 2009)	- **Prof. Dr. Reinhard Pöllath** (Chairman) - **Elke Bruns** (since April 30, 2009) - **Thorsten Irtz** - **Thomas Holzgreve** (since April 30, 2009) - **Dr. Arno Mahlert** (until April 30, 2009) - **Ulrich Plechinger** (until April 30, 2009)

EXECUTIVE BOARD*

Name	Functions/Responsibilities		Memberships
Thomas-B. Quaas	Chairman	Corporate Development/ Corporate Communications/Internal Audit	Chairman of the Supervisory Board - tesa SE (intragroup) Member of the Supervisory Board - Euler Hermes Kreditversicherungs-AG
Dr. Bernhard Düttmann	Finance	Finance/Controlling/Legal/IT	Member of the Supervisory Board - tesa SE (intragroup)
Peter Kleinschmidt	Human Resources	Human Resources/Sustainability/ Labor Director	
Pieter Nota	Brands	Marketing/ Research & Development/ Sales	Member of the Board of Directors - GfK e.V.
Markus Pinger	Supply Chain	Procurement/Production/Logistics/ Quality Management	
James C. Wei	New Ways to Business	New Ways to Business	Member of the Board - Li Ning Company Limited

* In connection with their Group management and supervisory duties, the members of the Executive Board of Beiersdorf AG also hold offices in comparable supervisory bodies at Group companies and investees.

Hamburg, February 9, 2010

Beiersdorf AG
The Executive Board

Auditors' Report

We have audited the annual financial statements, comprising the balance sheet, the income statement, and the notes to the annual financial statements, together with the bookkeeping system and the management report of Beiersdorf Aktiengesellschaft, Hamburg, for the fiscal year from January 1 to December 31, 2009. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements and on the management report based on our audit.

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

The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

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

Hamburg, February 10, 2010

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

LUDWIG
GERMAN PUBLIC AUDITOR

OPASCHOWSKI
GERMAN PUBLIC AUDITOR

Responsibility Statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Hamburg, February 9, 2010

The Executive Board

BDF ●●●●

Beiersdorf

Financial Calendar

April 29, 2010	Annual General Meeting
April 30, 2010	Dividend Payment
May 6, 2010	Interim Report January to March 2010
August 5, 2010	Interim Report January to June 2010
November 4, 2010	Interim Report January to September 2010, Financial Analyst Meeting
January 2011	Publication of Preliminary Group Results
February/March 2011	Publication of Annual Report 2010, Annual Accounts Press Conference, Financial Analyst Meeting

Contact Information

PUBLISHED BY

Beiersdorf Aktiengesellschaft
Unnastrasse 48
20245 Hamburg
Germany

EDITORIAL TEAM AND CONCEPT

Corporate Identity:
Telephone: +49 40 4909-2102,
E-Mail: CI@Beiersdorf.com

ADDITIONAL INFORMATION

Corporate Media Relations:
Telephone: +49 40 4909-3077,
E-Mail: Corporate-Media-Relations@Beiersdorf.com

Investor Relations:
Telephone: +49 40 4909-5000,
E-Mail: Investor.Relations@Beiersdorf.com

Beiersdorf on the Internet:
www.Beiersdorf.com

The online version of the Annual Financial Statements and Management Report of Beiersdorf AG are available on the Internet at **www.Beiersdorf.com/Financial_Reports**.