

Report of the Executive Board on Item 8 of the Agenda (Resolution on the creation of Authorized Capital II) in accordance with §§ 203 (1) sentence 1, (2) sentence 2, 186 (3) sentence 4, (4) sentence 2 *Aktiengesetz* (German Stock Corporation Act, *AktG*)

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

In addition, the management is authorized under agenda item 8 to disapply shareholders' pre-emptive rights in accordance with §§ 203 (1) sentence 1, (2) sentence 2, 186 (3) sentence 4 *AktG*. This option serves the interests of the Company in achieving the best possible issue price when issuing new shares. The statutory ability to disapply pre-emptive rights in accordance with § 186 (3) sentence 4 *AktG* puts the management in a position to exploit the opportunities offered by the stock exchange situation in each case rapidly, flexibly, and cost-effectively. This permits the optimal strengthening of shareholders' equity in the interests of the Company and all shareholders. The waiver of the lengthy and costly process of settling pre-emptive rights allows capital requirements to be met promptly from short-notice market opportunities, and new groups of shareholders to be attracted both within Germany and abroad. This opportunity to perform capital increases under optimum conditions and without any significant reduction for pre-emptive rights is particularly important for the Company as it must be able to exploit opportunities in rapidly changing and new markets quickly and flexibly, and hence to meet the resulting capital requirements in the very short term if necessary.

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

Hamburg, March 2005

Beiersdorf Aktiengesellschaft

The Executive Board