

Explanatory report of the Executive Board in accordance with § 120 (3) sentence 2 *Aktiengesetz* on disclosures in accordance with § 289 (4) and § 315 (4) *HGB* in the combined management report for Beiersdorf Aktiengesellschaft and the Group for fiscal year 2006

As a result of the amendment of the *Aktiengesetz* (German Stock Corporation Act, *AktG*) by the *Zweites Gesetz zur Änderung des Umwandlungsgesetzes* (Second Act to Amend the German Reorganization and Transformation Act) that came into force on April 25, 2007 after the Annual General Meeting was convened, the Executive Board of Beiersdorf Aktiengesellschaft has prepared the following explanatory report on the disclosures in the management report in accordance with § 289 (4) and § 315 (4) *Handelsgesetzbuch* (German Commercial Code, *HGB*) (page 62 of the 2006 Annual Report):

1. By way of a resolution of the Annual General Meeting on May 17, 2006 and subsequent entry in the commercial register, the Company's share capital was increased by €36.96 million from €215.04 million to €252 million. It is composed of 252,000,000 no-par value bearer shares that each have a notional interest of €1 in the Company's share capital and that each convey the same rights – in particular the same voting rights. No shareholder or group of shareholders holds any special rights.
2. The shareholders of Beiersdorf Aktiengesellschaft are not restricted by German laws or by the Company's Articles of Association in their decisions to acquire or sell shares. The acquisition and sale of shares do not require the approval of the Company's executive bodies to be effective. The Company is not aware of any restrictions affecting the transferability of the shares.

The shareholders' voting rights are not subject to any restrictions under the law or the Company's Articles of Association. The voting rights are not limited to a certain number of shares or a certain number of votes. All shareholders who have registered to attend the Annual General Meeting in due time and who have proved that they are entitled to attend the Annual General Meeting and to exercise their voting rights are entitled to exercise the voting rights conveyed by all the shares held and registered by them. Only the statutory prohibitions on voting rights apply.

The 25,181,016 no-par value shares (totaling approx. 9.99% of the Company's share capital) held by Beiersdorf Aktiengesellschaft since the settlement of the share buyback program on February 3, 2004 and following implementation of the share split in July 2006 do not carry voting or dividend rights in accordance with § 71b *AktG*.

The Company's Executive Board is not aware of any further restrictions affecting voting rights conveyed by shares of the Company.

3. To the Executive Board's knowledge, Tchibo Beteiligungsgesellschaft mbH, Hamburg, has directly held 50.46% of the voting rights of Beiersdorf Aktiengesellschaft since August 9, 2005. These voting rights are attributable to Tchibo Holding AG, Hamburg, in accordance with § 22(1) sentence 1 no. 1(3) *Wertpapierhandelsgesetz* (German Securities Trading Act, *WpHG*).

These voting rights are also attributable to the following persons and companies in accordance with § 22(1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG*:

- SPM Beteiligungs- und Verwaltungs GmbH, Norderstedt
- EH Real Grundstücksgesellschaft mbH & Co. KG, Norderstedt
- EH Real Grundstücksverwaltungsgesellschaft mbH, Norderstedt
- Scintia Vermögensverwaltungs GmbH, Norderstedt
- Trivium Vermögensverwaltungs GmbH, Norderstedt
- Michael Herz, Germany
- Wolfgang Herz, Germany
- Agneta Peleback-Herz, Germany
- Ingeburg Herz GbR, Norderstedt
- Max und Ingeburg Herz Stiftung, Norderstedt
- Ingeburg Herz, Germany
- CORO Vermögensverwaltungsgesellschaft mbH, Hamburg
- Joachim Herz, Germany

To the Executive Board's knowledge, there are no other direct or indirect interests in the share capital exceeding 10% of the voting rights.

4. The Company has not issued any shares with special rights conveying powers of control.
5. In addition, there are no interests held by employees in the share capital under which employees cannot exercise their control rights directly.
6. The members of the Executive Board are appointed and dismissed in accordance with § 84 and § 85 *AktG*, as well as § 7 of the Articles of Association. Under these provisions, the Supervisory Board appoints the members of the Executive Board for a maximum period of five years. Members may be reappointed for periods of a maximum of five years in each case. 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 are amended in accordance with § 179 and § 133 *AktG* as well as § 16 of the Articles of Association; in accordance with the statutory provisions, this requires a resolution of the Annual General Meeting that must be resolved by a simple majority of votes and by a majority of three quarters of the share capital represented during the vote on the resolution. The Articles of Association do not contain any provisions that deviate from this. Amendments to the Articles of Association become effective when they are entered in the commercial register. 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.

7. On May 18, 2005, the Annual General Meeting 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 by issuing new bearer shares on one or several occasions. This authorized capital may be utilized up to an amount of €45 million of the share capital (Authorized Capital I) and up to a

further amount of €21 million of the share capital (Authorized Capital II) against cash contributions, and up to a further amount of €21 million of the share capital (Authorized Capital III) against cash or non-cash contributions. The dividend rights for new shares may be determined differently to the provisions of § 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 Aktiengesellschaft, 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 disappplied in accordance with § 186 (3) sentence 4 *AktG* when the authorization to sell own shares is utilized and/or when the authorization to issue convertible bonds and/or bonds with warrants is utilized (Authorized Capital II);
- (4) in the case of capital increases against non-cash contributions, for the purpose of acquiring enterprises or equity interests in businesses (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*, the contingent capital is increased by the same proportion as a result. 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 rights and/or options attached to convertible bonds and/or bonds with warrants issued in the period until May 17, 2010 by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, choose to exercise their conversion or option rights, or
- (2) the holders or creditors of convertible bonds giving rise to a conversion obligation issued in the period until May 17, 2010 by Beiersdorf

Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, comply with such obligation,

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

The new shares carry dividend rights from the beginning of the fiscal year in which they are created via the exercise of conversion obligations.

By way of a resolution of the Annual General Meeting on May 17, 2006, Beiersdorf Aktiengesellschaft 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 until November 16, 2007. The authorization can be exercised in whole or in part once or several times. In accordance with § 71 (2) sentence 1 *AktG*, the shares purchased pursuant to this authorization, together with other shares of the Company that the Company has already purchased and still holds, may not account for more than 10% of the share capital of the Company.

The shares shall be purchased via the stock exchange or via a public offer addressed to all shareholders. Where the shares are purchased via the stock exchange, the purchase price per share may not exceed or fall below the average price of Beiersdorf's shares in the closing auction in the Frankfurt Stock Exchange's Xetra trading system (or a comparable successor system) on the five stock exchange trading days preceding the purchase by more than 5%. Where the shares are purchased via a public offer addressed to all shareholders, the purchase price per share may not exceed or fall below the average price of Beiersdorf's shares in the closing auction in the Frankfurt Stock Exchange's Xetra trading system (or a comparable successor system) on the ten stock exchange trading days preceding the publication of the decision to issue the purchase offer by more than 20%. The volume of the offer may be limited. If the total number of shares tendered under the offer exceeds this volume, the shares must be accepted proportionately.

The Executive Board may, with the approval of the Supervisory Board where necessary, sell purchased own shares via the stock exchange or via an offer to all shareholders. By way of a resolution dated May 17, 2006, 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 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 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 applicable market price as defined in the provision above is the average price of Beiersdorf's shares in the closing auction on the Frankfurt Stock Exchange's Xetra trading system (or a comparable successor system) on the five stock exchange trading days preceding the sale of the own shares. This authorization is limited to a total of no more than 10% of the share capital existing at the time this authorization comes into effect and at the time it is exercised, whereby, if own shares are sold in line with the above-mentioned provisions, those shares must be included for which the preemptive rights of shareholders are disapplying in accordance with § 186 (3) sentence 4

AktG when the Authorized Capital is utilized and/or when the authorization to issue convertible bonds and/or bonds with warrants is exercised.

The Executive Board was 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 as part of a merger or the acquisition of companies, equity interests in companies, 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 Beiersdorf Aktiengesellschaft 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 authorization to retire the shares can be exercised in whole or in part.

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 favorable capital market situations quickly and flexibly. The authorization to purchase and utilize own shares in particular enables the Company to offer shares of the Company also 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 for the acquisition of businesses or equity interests in businesses, or as part of mergers. These are provisions which are common among listed companies comparable to Beiersdorf. They do not serve to render any takeover attempts more difficult.

8. There are no material agreements of the Company that take effect in the event of a change of control following a takeover bid.
9. There are no compensation agreements agreed by the Company with the members of the Executive Board or employees in the event of a takeover bid.

Hamburg, April 2007

Beiersdorf Aktiengesellschaft

The Executive Board