BDF

Beiersdorf

Beiersdorf AG
Annual Financial Statements and Management Report as of Dec. 31, 2011

Differences make us special

Beiersdorf has the individual skin and body care wishes and needs that make up each person firmly in sight at all times. We are interested in our consumers as individuals. We want to understand what is important to them and how they live. We listen to them, observe them closely, and develop skin care products that meet their needs and satisfy them at all levels. These needs differ not only from person to person but also from region to region.

We are focusing on regional factors and individual consumer wishes on a local level with our “Focus on Skin Care. Closer to Markets.” Consumer Business Strategy. This closeness to markets allows Beiersdorf to leverage opportunities for growth effectively and to react more rapidly to constantly changing market conditions.

Our range of brands

Our strong brands, in-depth, high-level research, and closeness to our consumers are the key to our company’s global success. We ensure that we will be able to meet the needs of consumers all over the world in the future as well by concentrating on our core competency, skin and body care, and our brand portfolio, which we are constantly enhancing and tailoring to consumers’ wishes.

We enjoy global success with NIVEA, the world’s largest skin and body care brand*. Eucerin and La Prairie are internationally leading brands that meet consumers’ specific wishes in their respective segments. In addition, we have strong regional brands such as Labello, Florena, 8x4, Hansaplast, and SLEK.

* Source: Euromonitor International Limited; per umbrella brand name classification; in retail value terms 2010.

Contents

Report by the Supervisory Board

Reinhard Pöllath
Chairman
of the Supervisory Board

The Supervisory Board advised and supervised the Executive Board in accordance with the law, the Articles of Association, the German Corporate Governance Code, and the bylaws. The Executive Board provided us with timely, comprehensive written and oral reports on the company's business strategy and planning, on risk management, as well as on the company's position and the business outlook. The Supervisory Board and its committees used the reports as the basis for in-depth discussion and examination of material business transactions and developments. In the periods between meetings, the Executive Board informed the Chairman of the Supervisory Board in particular of all matters of importance to the company.

1. The Supervisory Board's Work

Five regular and three extraordinary **Supervisory Board meetings** were held. Regular items covered included current business developments (based on the respective quarterly report, where applicable), and significant individual transactions. We granted the requested approvals after careful examination and discussion. No Supervisory Board members were present at less than half of the meetings held during their term of office. Members of the Supervisory Board attended two company training events on topics relevant to the Supervisory Board.

In the meeting on **February 7, 2011,** we discussed in detail issues relating to the annual financial statements for 2010 and the Executive Board's target achievement and total remuneration, which we adopted by way of a resolution. We also discussed the Executive Board remuneration system and Supervisory Board remuneration.

In the meeting on **February 24, 2011,** we approved the annual financial statements and consolidated financial statements for 2010, resolved the report by the Supervisory Board, the Corporate Governance Report and the Remuneration Report, and the proposed resolutions for the 2011 Ordinary Annual General Meeting including changes to the Articles of Association and the agenda. We discussed the Executive Board's targets and the Executive Board remuneration system for the year under review, as well as the results of our efficiency review.

In the meeting on **April 21, 2011,** we discussed the Executive Board's projects and the marketing of NIVEA's 100th anniversary. We debated the future of the Baden-Baden location. We elected Beatrice Dreyfus, the alternate member of the Supervisory Board who joined the Board as a replacement, to the Nomination Committee.

In the extraordinary meeting on **June 23, 2011,** we agreed to terminate Markus Pinger's appointment to the company's Executive Board by mutual consent, effective June 30, 2011. At the same time, we appointed Ralph Gusko to the Executive Board with responsibility for the Brands & Supply Chain function. We discussed the potential next steps for adjustments to the business model designed to strengthen the regions.

In the meeting on **September 2, 2011,** we addressed the risk management system and the Risk Report, the status of the adjustments to the business model, and various investment projects, in particular in relation to a new location for tesa SE.

In the extraordinary meeting on **October 5, 2011,** we agreed to terminate Thomas-B. Quaas' appointment as Chairman of the Executive Board by mutual consent, effective as of the end of the Annual General Meeting on April 26, 2012. We appointed Stefan F. Heidenreich as an ordinary member of the company's Executive Board effective January 1, 2012, and appointed him Chairman of the Executive Board effective as of the end of the Annual General Meeting on April 26, 2012. We also discussed the performance of the Chinese business.

In the extraordinary meeting on **November 30, 2011,** we addressed how to strengthen the company's regional focus and the implementation of the new business model. The Executive Board reported on planned measures, which we approved. We also discussed the updated business plan for the Chinese affiliates and the resulting impairment losses on intangible assets in the Chinese hair care business.

In the meeting on **December 14, 2011,** we approved the company's annual planning for 2012 following in-depth discussion. We set the Executive Board members' targets for 2012. We terminated James C. Wei's appointment as a member of the company's Executive Board by mutual agreement, effective December 31, 2011. Furthermore, we resolved the declaration of compliance with the recommendations of the German Corporate Governance Code. We also discussed tesa's location investment project and the situation at the Chinese affiliates.

In **2012,** following preparatory work by the Executive Committee, the Supervisory Board resolved on the Executive Board's target achievement and total remuneration for 2011.

2. Committee Work

Five **committees** prepared the resolutions to be taken by the full Supervisory Board and passed resolutions in its stead in individual cases. The chairmen of the committees reported to the Supervisory Board on the work performed in the committees at each ordinary meeting.

The **Executive Committee** held six meetings in which it regularly addressed business developments and the company's strategic focus, as well as the remuneration of the Executive Board and Supervisory Board, and the composition of the Executive Board.

The **Audit Committee** met six times. At the start of the year, it focused primarily on the preliminary examination of the financial statements and management reports, followed by verifying the independence of, and appointing, the auditors and determining the areas of emphasis for the 2011 audit. The Committee addressed business developments and discussed the interim reports with the Executive Board prior to their publication, as well as the accounting-related internal control system and potential risks to the company.

The **Finance Committee** met four times. It addressed the results of the focus audit on product safety and quality conducted by the external auditors, as well as topics relating to internal audits, risk and compliance management, and the investment strategy.

The **Nomination Committee** addressed the election of members of the Supervisory Board by the 2012 Annual General Meeting in its meeting in 2011 and again in 2012.

The **Mediation Committee** did not meet.

3. 2011 Annual Financial Statements and Audit

The **auditors** audited the **annual financial statements** and the **consolidated financial statements for 2011**, as well as the management reports for Beiersdorf AG and the Group, and issued unqualified audit opinions for them. The auditors also issued an unqualified audit opinion on the Executive Board's report on dealings among Group companies required by § 312 *Aktiengesetz* (German Stock Corporation Act, *AktG*) due to the majority interest held by maxingvest ag, Hamburg: "Following the completion of our audit, which was carried out in accordance with professional standards, we confirm: 1. that the information contained in this report is correct; 2. that the compensation paid by the company with respect to the transactions listed in the report was not inappropriately high; and 3. that there are no circumstances which would justify, in relation to the measures specified in the report, a materially different opinion than that held by the Executive Board."

The above-mentioned financial statements and reports, and the auditors' reports, were distributed to the members of the Supervisory Board immediately after their **preparation**. The auditors reported on the key findings of their audit to the Audit Committee and to the full Supervisory Board. Our examination of the annual financial statements and consolidated financial statements, the management reports for Beiersdorf AG and the Group, the report on dealings among Group companies including the concluding declaration by the Executive Board, and the auditors' reports did not raise any objections. We concurred with the auditors' findings and approved the annual financial statements of Beiersdorf AG and the consolidated financial statements for the year ending December 31, 2011. The annual financial statements of Beiersdorf AG are thus **adopted**. We endorsed the Executive Board's proposal on the appropriation of net profit.

4. Changes

Beatrice Dreyfus, the alternate member of the Supervisory Board, joined the Supervisory Board following Dr. Rolf Kunisch's departure from it when he turned 70 on April 19, 2011. Thomas Siemsen left the Supervisory Board effective as of the end of the 2011 Annual General Meeting, and Colin Day was appointed to the Supervisory Board by the Hamburg Local Court; he resigned his seat on the Supervisory Board effective September 6, 2011, citing his other professional activities. The Court appointed Michel Perraudin to the Supervisory Board in his place effective September 21, 2011. There were no indications of conflicts of interest among Executive Board and Supervisory Board members.

5. Thanks

We would like to thank the Executive Board and Supervisory Board members who stepped down in 2011 for their achievements and wish them all the best for the future. We would like to thank Dr. Rolf Kunisch for several decades of highly successful work on the Executive and Supervisory Boards.

We would like to thank the company's employees, the employee representatives, and the Executive Board for their hard work and shared commitment to the realignment of the business and to mastering the challenges that dominated fiscal year 2011 and that will continue to affect us. Beiersdorf's solid foundations and our decisive changes will enable the company to overcome these challenges well. Finally, we would like to thank our shareholders, our retail and industry partners, and in particular our consumers for their continued trust in us.

Hamburg, February 23, 2012

For the Supervisory Board

Reinhard Pöllath

Corporate Governance Report

Corporate governance – good corporate management and supervision – 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, compliance with statutory provisions and corporate guidelines, and responsible risk management are the basis of the company's success in this area.

Beiersdorf welcomes the German Corporate Governance Code (the Code). This ensures transparency with respect to the legal framework for corporate management and supervision at German listed companies and contains accepted standards for good, responsible corporate management.

The Code and its amendments did not necessitate any fundamental changes at Beiersdorf. However, we consider corporate governance to be an ongoing process and will continue to track developments carefully.

I. Declaration of Compliance

At the end of December 2011, the Executive Board and Supervisory Board issued the Declaration of Compliance with the recommendations of the Code for fiscal year 2011 in accordance with § 161 *Aktiengesetz* (German Stock Corporation Act, *AktG*). Beiersdorf AG fulfills all the recommendations made in the Code with one exception, as well as a large number of the suggestions.

The Declaration of Compliance was also made permanently accessible to the public on the company's website at —— WWW.BEIERSDORF.COM/DECLARATION_OF_COMPLIANCE.

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 2011, Beiersdorf Aktiengesellschaft complied with, and continues to comply with, all recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated May 26, 2010 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, including fringe benefits, 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 was complied with in concluding employment contracts with new Executive Board Members since fiscal year 2009. Thus all employment contracts with Executive Board Members contain a severance payment cap except the employment contract of the Chief Executive Officer who is an Executive Board Member since 1999 already. The Chief Executive Officer will resign from the Executive Board with the conclusion of the Annual General Meeting 2012; thus no severance payment cap was included in his employment contract, however, his employment contract contains another lump-sum restriction of the compensation for the time after resignation.

Hamburg, December 2011

For the Supervisory Board	For the Executive Board	
Prof. Dr. Reinhard Pöllath	**Thomas-B. Quaas**	**Dr. Ulrich Schmidt**
Chairman of the Supervisory Board	Chairman of the Executive Board	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 co-determination law, as well as by its Articles of Association, among other things. The company has a dual management and supervisory structure consisting of two bodies, the Executive Board and the Supervisory Board, as is customary in Germany. The Annual General Meeting acts as the decision-making body for shareholders in respect of 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

Beiersdorf AG's Supervisory Board consists of twelve members. Six of these members are elected by the Annual General Meeting in accordance with the provisions of the *Aktiengesetz* (German Stock Corporation Act, *AktG*) and six by the employees in accordance with the provisions of the *Mitbestimmungsgesetz* (German Co-Determination Act, *MitbestG*); all members are elected for a period of five years. The term of office of the Supervisory Board members ends at the end of the Annual General Meeting resolving on the approval of the activities of the Supervisory Board for fiscal year 2013. However, the term of office of one court-appointed member ends at the end of the 2012 Ordinary Annual General Meeting.

The Supervisory Board appoints the Executive Board, advises it on the management of the company, and supervises its conduct of the company's business as laid down by the law, the Articles of Association, and the bylaws. The Supervisory Board works closely with the Executive Board for the good of the company and with the common goal of achieving sustainable value added, and is involved in decisions of fundamental importance. Certain decisions require its approval in accordance with the law and the bylaws of the Supervisory Board.

The Supervisory Board makes decisions at regular meetings – and in individual cases outside meetings – on the basis of detailed documents. It is informed by the Executive Board in a regular, timely, and comprehensive manner about all relevant matters. The Executive Board's reporting obligations to the Supervisory Board are set out in detail in the bylaws for the Executive Board. In addition, the Chairman of the Executive Board informs the Chairman of the Supervisory Board regularly and in a timely manner about important transactions and liaises with him on important decisions.

The Supervisory Board evaluates its work on a regular basis. The results are discussed by the full Board and any measures for improvement resolved. The most recent Supervisory Board efficiency review was performed in fall 2010 with the aid of external consultants.
The members of the Supervisory Board are responsible for attending the necessary training and further education measures required for their work. The company provides them with appropriate support in this area, such as by organizing internal training events on topics that are of relevance to Supervisory Board work.

The company has also taken out a D&O insurance policy for the members of the Supervisory Board. This includes a deductible corresponding to the statutory requirements for Executive Board member deductibles. The deductible amounts to 10% of any damage incurred, up to one-and-a-half times the fixed annual remuneration of the respective Supervisory Board member.

The Supervisory Board resolved concrete objectives for its composition in fiscal year 2010, taking into account the company's specific situation. These reflect the company's international activities, potential conflicts of interest, the specification of an age limit for Supervisory Board members, diversity, and above all an appropriate degree of female representation. These concrete objectives shall be complied with initially until the end of fiscal year 2014 and will also be taken into account by the Nomination Committee when proposing candidates for the Supervisory Board. In addition, the composition of the Supervisory Board must always ensure that its members as a group possess the knowledge, ability, and specialist experience required to perform its tasks properly.

International Focus

All members of the Supervisory Board must be open to the company's international orientation. At least some of its members must embody this in concrete terms. This means that at least two members of the Supervisory Board should have particular international experience gained due to their activities abroad or their background, for example. At least one member with such international experience should be a shareholder representative. Efforts will be made to further increase the Supervisory Board's international orientation.

Appropriate Degree of Female Representation

Diversity of composition requires an appropriate degree of female representation on the Supervisory Board. The Supervisory Board therefore aims to further increase the number and position of women on the Supervisory Board and at the least to maintain the number of women (three) represented on it at the time the resolution on the concrete objectives for the composition of the Supervisory Board in fiscal year 2010 was adopted. At least one woman should be a shareholder representative. The aim is to regularly increase the number of women on the Supervisory Board in the company's interests when changes are made to the Supervisory Board.

Age Limit and Conflicts of Interest

- The Supervisory Board has stipulated in its bylaws that Supervisory Board members should not be more than 72 years old.
- Moreover, the Supervisory Board should include what it considers to be an adequate number of independent members. A Supervisory Board member is considered independent if he/she has no business or personal relations with the company or its Executive Board which cause a conflict of interest.
- All members of the Supervisory Board shall inform the Chairman of the Supervisory Board of any conflicts of interest, and in particular those which may result from a consultant or directorship function with clients, suppliers, lenders, or other business partners or competitors of the company. Members of the Supervisory Board shall resign their office if faced with material and not merely temporary conflicts of interest.

Two Supervisory Board members (Prof. Dr. Eberhartinger and Professor Rousseau) were appointed as Diversity Officers in order to enhance and promote these objectives. Their role is to support the Supervisory Board at every intended election of a shareholder representative to the Supervisory Board, or of a committee member, and to issue a statement together with the Chairman of the Supervisory Board regarding the proposals made by the Nomination Committee responsible for this, after consultation with the remaining members of the Supervisory Board.

In addition to a balanced mix of professional skills within the Supervisory Board as a whole, diversity is an important criterion for the selection of Supervisory Board and committee members. Diversity is in the company's interest. This criterion was also taken into account by the Supervisory Board and the Nomination Committee responsible for the preparatory work when proposing suitable shareholder representative candidates to the 2009 Annual General Meeting. Following the Supervisory Board elections in April 2009, women made up 25% of the Supervisory Board and accounted for three members: Prof. Dr. Eberhartinger (representing the shareholders), and Ms. Gabriel and Professor Rousseau (representing the employees). In April 2011, Ms. Dreyfus, who had been appointed as an alternate member of the Supervisory Board representing the shareholders by the Annual General Meeting, replaced Dr. Kunisch on the Supervisory Board. In addition, Prof. Dr. Eberhartinger became the chair of the Supervisory Board's Audit Committee effective January 1, 2011. The Supervisory Board also has four shareholder representative members – Ms. Dreyfus, Prof. Dr. Eberhartinger, Mr. Perraudin, and Prof. Dr. Pöllath – who, in addition to their particular professional skills, embody the idea of international orientation due to their extensive international experience. The requirements regarding the age limit and the conflicts of interest were adhered to.

The work of the Supervisory Board is performed at, and outside of, the meetings of the full Board as well as in the committees. The Supervisory Board has formed the following five committees:

The **Executive Committee** prepares the Supervisory Board meetings and the Supervisory Board's human resources decisions and 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. It 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 can make decisions on transactions requiring Supervisory Board approval in those cases in which the Supervisory Board cannot pass a resolution in time.

The **Audit 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 (issuing the audit engagement, stipulating the areas of emphasis of the audit, and agreeing the fee). In addition, the Audit Committee verifies the auditors' independence and approves additional services that they provide. Finally, the Audit Committee advises and supervises the Executive Board on questions relating to accounting, and discusses the interim reports with the Executive Board before they are published.

The **Finance Committee** advises and supervises the Executive Board on questions relating to risk management, the internal control system, compliance, and internal auditing. In addition, it monitors corporate policy in the areas of finance, financial control, tax, and insurance. It decides in place of the Supervisory Board on raising and granting loans, on the assumption of liability for third-party liabilities, and on investment transactions.

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.

The **Nomination Committee** is composed of shareholder representatives. It suggests suitable candidates to the Supervisory Board for proposal for election to the Annual General Meeting.

The composition of the Supervisory Board and its committees can be found on our website at —— WWW.BEIERSDORF.COM/BOARDS and on —— PAGE 65F. of this report.

2. The Executive Board

The Executive Board manages the company enterprise-wide on its own responsibility and conducts the company's business. It is obliged to act in the company's best interests and to increase its sustainable enterprise value. It performs its management duties as a collegiate body with collective responsibility for the company's business.

The members of the Executive Board are appointed by the Supervisory Board. As a rule, the company's Executive Board consists of six members. The Supervisory Board also takes diversity aspects into account when determining the composition of the Executive Board. The vast majority of Executive Board members embody the notion of an international orientation due to their years of working abroad or to their special expertise in Beiersdorf's key international markets. The Supervisory Board aims to ensure appropriate representation of women as part of succession planning for the Executive Board.

The duties of the Executive Board are broken down by functions and regions (three members have functional areas of responsibility and three have regional areas of responsibility). The allocation of areas of responsibility to the individual Executive Board members can be seen in the schedule of responsibilities, which constitutes part of the bylaws for the Executive Board and is published on the company's website at —— WWW.BEIERSDORF.COM/EXECUTIVE_BOARD.

The Executive Board develops the corporate goals and the Group's strategy, agrees them with the Supervisory Board, ensures their implementation, and regularly discusses their implementation status with the Supervisory Board. It is responsible for managing and monitoring the Group, for corporate planning including the annual and multi-year planning, and for preparing the quarterly, annual, and consolidated financial statements as well as for Group financing. The Executive Board is also responsible for ensuring adequate risk management and risk control, and for ensuring that all statutory provisions and applicable internal corporate guidelines are observed, and works to ensure that Group companies also abide by them (compliance). It provides the Supervisory Board with regular, timely, and comprehensive reports on all questions that are of relevance for the company, including explanations for discrepancies between the actual course of business and the planning and targets. Certain Executive Board measures and transactions that are of material significance for the company require the approval of the Supervisory Board.

The Executive Board also takes diversity aspects into account when filling executive positions within the company, particularly with regard to ensuring an appropriate degree of female representation. The aim is for women to account for 25–30% of senior executives by 2020.

The Executive Board passes resolutions in regularly held meetings that are chaired by the Chairman of the Executive Board. The members of the Executive Board work together in a collegial manner and inform one another on an ongoing basis about important measures and events in their areas of responsibility.

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 their 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 taken out 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

In accordance with the Articles of Association, shareholders exercise their rights both at the Annual General Meeting and outside it. Each share entitles the holder to one vote.

Among other things, the Annual General Meeting passes resolutions on the appropriation of net retained profits, on the formal approval of Executive Board and Supervisory Board members' actions, on the election of the auditors, and on amendments to the Articles of Association.

The Ordinary Annual General Meeting takes place each year, generally during the first five months of the fiscal year. The notice convening the Annual General Meeting and its agenda are also published on the company website, together with the reports and documentation required for the Annual General Meeting, including the annual report and forms for postal voting. They can also be dispatched electronically together with the associated documents with the consent of the individual shareholder. To assist shareholders in personally exercising their rights, the company 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 shareholders' voting rights. In addition, shareholders are free to appoint a proxy of their choice as their representative at the Annual General Meeting. Since the 2011 Annual General Meeting, shareholders have also been able to vote by postal ballot.

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 of, and the management reports for, Beiersdorf AG and the Group.

1. Remuneration of the Executive Board

a) Supervisory Board Resolutions Regarding the Remuneration of the Executive Board

The remuneration of the Executive Board is specified by the full Supervisory Board. The Executive Committee of the Supervisory Board regularly discusses and reviews the remuneration system for the Executive Board in preparation for this.

The Supervisory Board addressed the structure and appropriateness of Executive Board remuneration, as well as individual remuneration questions, in its meetings on February 7 and 24, and December 14, 2011. Following the modification of the remuneration system in 2010 to take into account the new legal requirements, the Supervisory Board revised the Variable Bonus and – as announced in the previous year – introduced a long-term Enterprise Value Component. Moreover, the Supervisory Board determined the remuneration of the Executive Board for fiscal year 2011 on February 6, 2012. Independent advisors were consulted during the revision of the remuneration system.

b) Overview

The remuneration system for the Executive Board takes into account 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 outlook, as well as its peer companies.

The remuneration of the Executive Board in fiscal year 2011 comprised four components:

- a fixed basic remuneration component,
- a Variable Bonus linked to the achievement of annual targets (Variable Bonus for 2011), consisting of
    - a short-term component (Bonus) and
    - a component that is paid out over a total of three fiscal years (Multi-Year Bonus[1]),
- a Long-Term Bonus based on enterprise value performance (Enterprise Value Component)[2], as well as
- usual ancillary benefits and a pension commitment.

c) Remuneration of the Executive Board for Fiscal Year 2011 in More Detail

aa) Fixed remuneration

The fixed annual remuneration is paid in twelve equal installments. It is reviewed regularly for appropriateness every two years.

bb) Variable Bonus for 2011

The members of the Executive Board receive a remuneration component for fiscal year 2011 that is based on the performance of the Beiersdorf Group's Consumer Business Segment (Variable Bonus for 2011)[3]. This is designed to promote sustainable enterprise development and is based largely (60%) on a multi-year assessment basis. The amount of the Variable Bonus for 2011 depends on the EBIT margin (EBIT component) and sales growth (sales component), each with a weighting of 25%, as well as on the achievement of specific personal goals by individual Executive Board members (personal component), which has a weighting of 50%.

The size of the EBIT component is calculated on the basis of the return on sales. The Supervisory Board may take into account any special factors as well as changes in marketing and research and development

[1] The term used in the previous year, "Long-Term Bonus," was replaced by "Multi-Year Bonus."
[2] The MTI previously agreed expired in fiscal year 2010 and was not paid out.
[3] The Variable Bonus for Thomas-B. Quaas and James C. Wei continues to be governed by the 2010 provisions ("Variable Bonus for 2010" – under dd) below).

expenses in fiscal year 2011. The size of the sales component, which was introduced in 2011, is calculated on the basis of sales growth. The Supervisory Board may take special factors into account in the process.

The personal component is composed of a number of personal goals with different weightings, which depend on the functional and regional responsibilities of each individual Executive Board member. These are set annually by the Supervisory Board for each individual Executive Board member.

Following due assessment of the circumstances, the Supervisory Board lays down target figures corresponding to percentages for target achievement of the EBIT, sales, and personal components, with intermediate figures being interpolated on a linear basis.

The EBIT, sales, and personal components each lapse unless the threshold values (knock-out) set by the Supervisory Board for the specific component is reached. No further increases are made for any of the components if the goals are exceeded by more than 200% (cap).

40% of the Variable Bonus for 2011 will be paid once the 2012 Annual General Meeting has approved the actions of the Executive Board (2011 Bonus). The remaining amount (Multi-Year Bonus for 2011) depends on the enterprise value over a period of three[4] years. The enterprise value is calculated by adding together sales and 8x EBIT. If the enterprise value in fiscal year 2011 is matched or exceeded in the following fiscal years, the Multi-Year Bonus for 2011 will be paid out in three equal installments once the actions of the respective Executive Board member have been approved by the Ordinary Annual General Meetings in the years 2013 to 2015. If the enterprise value for fiscal year 2011 is not reached in a particular fiscal year, the corresponding installment lapses unless the average enterprise value in fiscal years 2012 to 2014 corresponds at least to the enterprise value for fiscal year 2011. In this case, the installment that lapsed in the first instance will be paid out at the same time as the final installment following the 2015 Ordinary Annual General Meeting. The final installment is increased or decreased by the amount corresponding to the percentage change in the enterprise value as of the end of fiscal year 2014 as against fiscal year 2011; this may not increase to more than double the last installment (cap). The Supervisory Board may increase or decrease the Variable Bonus for 2011 by up to 20% in order to take extraordinary developments into account or adjust it for inflation.

cc) Enterprise Value Component
Starting in fiscal year 2011, Executive Board members will share in the increase in the enterprise value[5] instead of the MTI that expired in 2009/2010. For this purpose, each Executive Board member is allocated a notional share of the enterprise value *(Enterprise Value Component* or *Base Share)* at the start of his period of appointment or reappointment (January 1, 2011, for current appointments). The Enterprise Value Component has been set at €5 million for each Executive Board member active in fiscal year 2011. The Executive Board member will be paid his share of the percentage increase in the Enterprise Value Component once his period of appointment or reappointment has ended and following a predefined vesting period, usually a further one to two years (together the "Bonus Period"). The enterprise value is calculated by adding together sales and 8x EBIT as reported in the consolidated financial statements. The Supervisory Board resolves on any increase in the Enterprise Value Component during the Bonus Period following a due assessment of the circumstances.

The increase in value is the increase in enterprise value from the beginning to the end of the Bonus Period. In each case, this is calculated as an average over three years. The increase in enterprise value corresponds to the percentage share of the Executive Board member's Enterprise Value Component that will be paid to him provided that the Annual General Meeting has approved his actions during and after the Bonus Period (insofar as they had to resolve this), with the amount being prorated depending on the ratio of his term of office to the Bonus Period. The Supervisory Board is entitled to

[4] The relevant period was shortened to three years (previously: four) due to the introduction of the long-term Enterprise Value Component.
[5] The Enterprise Value Component was not introduced for Thomas-B. Quaas and James C. Wei as their contracts run/ran until they step/stepped down.

make adjustments following a due assessment of the circumstances, in particular by adjusting the performance indicators for special factors or for inflation, or by increasing or decreasing the Enterprise Value Component for objective reasons by up to 20%.

The Enterprise Value Component is limited to a maximum amount for each member of the Executive Board (200% cap, corresponding to 10% p.a.). If an Executive Board member is active for a period shorter than his period of appointment, the Supervisory Board should reduce his Enterprise Value Component pro rata. There is no legal entitlement to payment of the corresponding increase in value in the event that an Executive Board member's contract is terminated prematurely at the request of the Executive Board member, or by the company for good cause.

The Supervisory Board has revised the Enterprise Value Component from fiscal year 2012 onwards and is writing this into the employment contracts for the members of the Executive Board with their consent. Payment of an increased Enterprise Value Component can also be conditional on achieving or exceeding a certain market share in the core skin care categories in key European markets. The Enterprise Value Component is also being expanded to include a component based on voluntary personal investment by Executive Board members ("Funded Share"). Funded Shares participate in percentage declines in the value of the Enterprise Value Component. They are not limited to a maximum amount (cap), are not dependent on achieving a certain market share, and vest immediately following their purchase. An Executive Board member may elect not to have increases in the value of the Funded Shares paid out, but rather to use them to purchase additional Enterprise Value Components. Funded Shares bear interest of 1.85% p.a. on the nominal amount. The amount of interest increases or decreases by the percentage difference between the dividend paid per share and €0.70. For each Funded Share, the Executive Board member receives a further Enterprise Value Component in at least the same amount ("Matching Share").

dd) Variable Bonus for 2010

The Variable Bonus for 2010 was divided into two equally weighted target components – the EBIT component and personal targets. The Variable Bonus for 2010 consisted of a short-term component (2010 Bonus) and a component dependent on enterprise value performance in the four fiscal years from 2011 to 2014 (Long-Term Bonus for 2010), which is calculated to a large extent on the basis of the principles described for the Variable Bonus for 2011. A more detailed description is provided in the 2010 Annual Report. The 2010 Bonus was paid out in fiscal year 2011 as planned. The first tranche of the Long-Term Bonus for 2010, which was scheduled to be paid out following the 2012 Ordinary Annual General Meeting, will not be paid because the preconditions for this have not been met. As contractually agreed, the tranche may potentially be paid out following the Annual General Meeting for 2015 if the average enterprise value for fiscal years 2011 to 2014 corresponds at least to the enterprise value for fiscal year 2010.

ee) STI/LTI

Up to the end of fiscal year 2009, variable remuneration – an annual bonus (STI) and multi-year remuneration based on a bonus pool (LTI) – also depended on corporate and personal objectives being reached. The LTI pools for fiscal years 2006 to 2009 were calculated as of December 31, 2010, and were/will be paid out in fiscal years 2010 to 2012 following the respective Ordinary Annual General Meetings[6].

ff) Other

The remuneration of the Executive Board for fiscal year 2011 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.

[6] For the total LTI pool values and payments, see the overview on p. 18.

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 exist for the Executive Board members active in fiscal year 2011 (with the exception of James C. Wei). The pension benefits under old pension commitments are determined as a percentage of the respective member's fixed basic remuneration. This percentage increases in line with the length of service of the Executive Board member, up to a maximum of 50%. Additions to pension provisions comprise current service cost and interest expense. The new pension commitments for four Executive Board members active in fiscal year 2011 are based on the defined contribution model[7].

In the event that the term of office of an Executive Board member appointed for the first time since fiscal year 2009 is terminated prematurely for reasons for which the Executive Board member concerned is not responsible, the contracts of service limit the severance payment to two annual salary payments (severance pay cap); the severance pay cap recommendation of the German Corporate Governance Code was also largely complied with when modifying or extending existing contracts. All Executive Board contracts now contain a severance pay cap that complies with the Code. However, if the contract of the Chairman of the Executive Board is terminated prematurely by mutual consent for reasons for which the Chairman is not responsible, his severance pay has been defined as the amount of his 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; the Chairman of the Executive Board will step down from the Executive Board at the end of the 2012 Annual General Meeting. Each member of the Executive Board receives a lump-sum payment for the Variable Bonus for 2010[8] or the Variable Bonus for 2011[9] (depending on what they are entitled to) on premature termination of his contract without the existence of good cause for which the Executive Board member is responsible. No other commitments exist in relation to the premature termination of membership of the Executive Board. Members of the Executive Board did not receive any loans or advances from the company, nor were any contingent liabilities entered into in their favor.

Markus Pinger received his contractually agreed fixed remuneration until his departure from the Executive Board as of June 30, 2011. His Variable Bonus for 2011 was paid out as a lump sum of €228 thousand. Payment of the Variable Bonus for 2010 and 2011 is governed by the general provisions. The same applies to the payment of the final tranche of the LTI determined as of December 31, 2010. Mr. Pinger's pension entitlements remain unaffected.

Dr. Bernhard Düttmann received the remuneration laid down in his contract until February 28, 2011; the Variable Bonus for 2010 was paid out in full following the 2011 Annual General Meeting and the Variable Bonus for 2011 was paid out pro rata for the months of January and February 2011 as a lump sum in the amount of 80% of the target bonus. Following his departure from the Executive Board, he will be paid his annual basic salary and a lump sum annual bonus in the amount of 80% of the target bonus pro rata on a monthly basis for a period of six months after the termination of his contract of service. After this time, the above-mentioned remuneration will be reduced by 50% until the end of 2012. Additional contractual claims were settled by payment of a lump sum of €160 thousand. The LTI continued/will continue to be paid out unchanged in accordance with the general provisions. Dr. Düttmann's pension entitlements remain unaffected.

As laid down in his contract, Thomas-B. Quaas' total annual remuneration will continue to be paid at a flat annual rate of €965 thousand following his departure from the Executive Board on April 26, 2012, until the expiry of his contract on March 31, 2015, whereby any other remuneration paid (including

[7] Annual pension contributions are as follows: Peter Feld €90 thousand; Dr. Ulrich Schmidt €60 thousand; Ralph Gusko €50 thousand; Ümit Subaşi €50 thousand.
[8] Thomas-B. Quaas: €500 thousand p.a., Dr. Bernhard Düttmann: €416 thousand p.a., Peter Feld: €320 thousand p.a., Markus Pinger: €452 thousand p.a., James C. Wei: €448 thousand p.a.
[9] The Variable Bonus for 2011 will be paid as a lump sum of 80% of the respective target bonus p.a. for periods following members' departure from the Executive Board.

Supervisory Board remuneration) will be offset against this. The determination and payment of the variable remuneration for 2010 and 2011 (including the LTI determined as of December 31, 2010) are governed by the general provisions. His variable remuneration accruing in the period from January 1, 2012, to April 26, 2012, will be calculated pro rata as a lump sum with an assumed target achievement of 100%, and will be paid out following the 2013 Ordinary Annual General Meeting. Mr. Quaas' pension entitlements remain unaffected.

James C. Wei received his contractual remuneration until his departure from the Executive Board on December 31, 2011. The determination and payment of the variable remuneration for 2010 and 2011 are governed by the general provisions. Additional contractual claims were settled by payment of a lump sum of USD 60 thousand. Mr. Wei will be available to serve the company in an advisory capacity in 2012 and is subject to a non-competition obligation. He will receive USD 380 thousand p.a. for this.

gg) Overviews of Individual Executive Board Remuneration

Total Remuneration of the Executive Board for Activities in Fiscal Year 2011 (in € thousand)

			Variable remuneration			
	Fixed basic remuneration		Bonus		Multi-Year Bonus	
	2010	2011	2010	2011	2010	2011
Thomas-B. Quaas (Chairman)	435	435	259	394	388	592
Dr. Bernhard Düttmann (until February 9, 2011)	260	43	420[13]	69[14]	–	–
Peter Feld	146	500	67	189	100	283
Ralph Gusko (from July 1, 2011)	–	200	–	54	–	81
Markus Pinger (until June 30, 2011)	293	163	204	91	305	137
Dr. Ulrich Schmidt	–	500	–	118	–	177
Ümit Subaşi (from March 1, 2011)	–	417	–	128	–	192
James C. Wei	280	280	249	161	250	242
Total	**1,667[19]**	**2,538**	**1,558[19]**	**1,204**	**1,043**	**1,704**

[10] Includes non-cash benefits arising from the provision of company cars, the payment of insurance premiums, as well as payments for defined contribution pension commitments applicable to individual Executive Board members as from 2011.
[11] Provisions for defined benefit pension commitments. The annual contributions to the defined contribution pension commitments are disclosed under "Other" as from 2011.
[12] Not yet applicable in 2010.
[13] In connection with his departure from the Executive Board effective February 9, 2011, Dr. Düttmann received his Variable Bonus for 2010 in full following the 2011 Annual General Meeting.
[14] Lump-sum payment of the pro rata Variable Bonus for 2011 in connection with Dr. Düttmann's departure from the Executive Board.
[15] Includes the payment of additional contractual claims in connection with the department of Dr. Düttmann in the amount of €160 thousand.
[16] Includes the payment of additional contractual claims in connection with Mr. Subaşi's appointment to the Executive Board in the amount of €46 thousand.
[17] Mr. Wei was paid €629 thousand (previous year: €679 thousand) of this amount as remuneration for his work at Group companies.
[18] Includes the payment of additional contractual claims in connection with the departure of Mr. Wei in the amount of USD 60 thousand (€46 thousand).
[19] These totals additionally include the following payments made to members who left the Executive Board in 2010 for activities in fiscal year 2010: Peter Kleinschmidt – fixed: €90 thousand, bonus: €139 thousand, total variable: €139 thousand, other: €7 thousand, total: €236 thousand, additions to pension provisions: €37 thousand; Pieter Nota – fixed: €163 thousand, bonus: €220 thousand, total variable: €220 thousand, other: €7 thousand, total: €390 thousand, additions to pension provisions: €0.

Total variable remuneration		Other[10]		Total		Additions to provisions for Enterprise Value Component		Additions to pension provisions[11]	
2010	**2011**	2010	**2011**	2010	**2011**	2010[12]	**2011**	2010	**2011**
647	986	19	19	1,101	1,440	–	–	227	228
420	69	10	162[15]	690	274	–	–	96	47
167	472	136	106	449	1,078	–	122	21	–
–	135	–	69	–	404	–	–	–	–
509	228	10	5	812	396	–	–	87	100
–	295	–	72	–	867	–	107	–	–
–	320	–	88[16]	–	825	–	107	–	–
499	403	9	51[18]	788	734[17]	–	–	–	–
2,601[19]	**2,908**	**198[19]**	**572**	**4,466[19]**	**6,018**	**–**	**336**	**468[19]**	**375**

The following table shows the development of the Long-Term Bonus for 2010 (see dd) above) since its initial adoption, as well as the amount of the first tranche, which is to be paid out following the 2012 Ordinary Annual General Meeting.

(in € thousand)

	Present values of the Long-Term Bonus for 2010 as of December 31, 2010	Present values of the Long-Term Bonus for 2010 as of December 31, 2011	Payment following 2012 AGM[20]
Thomas-B. Quaas	352	362	–
Peter Feld	90	93	–
Markus Pinger	277	285	–
James C. Wei	226	233	–
Total	**945**	**973**	**–**

[20] The conditions for payment of the first tranche of the Long-Term Bonus for 2010 were not met. The lapsed tranche will be paid out following the 2015 Ordinary Annual General Meeting if the preconditions for payment are met.

The LTI pools (see ee) above) were calculated at the end of fiscal year 2010 and were/will be paid out in three equal installments following the Ordinary Annual General Meetings in 2010 to 2012. The following table shows the total value of the LTI pools as of the calculation date, December 31, 2010, the amount of installments paid to date, and the installment to be paid following the 2012 Annual General Meeting.

(in € thousand)

	Total LTI pool value as of December 31, 2010	Advance payment in fiscal year 2010	Payment following 2011 AGM	Payment following 2012 AGM
Thomas-B. Quaas	2,018	648	685	685
Dr. Bernhard Düttmann	777	249	264	264
Markus Pinger	1,227	394	417	416
James C. Wei	61	19	21	21
Total[21]	**4,083**	**1,310**	**1,387**	**1,386**

[21] Peter Kleinschmidt and Pieter Nota, who left the Executive Board in 2010, received payment of the remaining tranches of the Long-Term Bonus for 2010 following the 2011 Annual General Meeting (Peter Kleinschmidt: €701 thousand, Pieter Nota: €837 thousand).

hh) Former Members of the Executive Board and their Surviving Dependents

Payments to former members of the Executive Board and their dependents totaled €2,394 thousand (previous year: €2,274 thousand). Provisions for pension commitments to former members of the Executive Board and their dependents totaled €26,256 thousand (previous year: €23,600 thousand).

2. Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is laid down in § 15 of the Articles of Association. It takes into account the responsibilities and scope of tasks of the individual members of the Supervisory Board as well as the company's economic situation.

In addition to being reimbursed for cash expenses, Supervisory Board members receive a fixed and a variable, dividend-based remuneration component for fiscal year 2011. Since July 1, 2011, they have also received attendance fees for meetings.

The Chairman of the Supervisory Board continues to receive 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 committees – with the exception of the Nomination Committee and the committee set up in accordance with § 27 (3) *Mitbestimmungsgesetz* (German Co-Determination Act, *MitbestG*) – 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.

In a resolution dated April 21, 2011, the Annual General Meeting amended § 15 of the Articles of Association effective July 1, 2011, and adjusted the Supervisory Board remuneration in line with the requirements of the German Corporate Governance Code and the market standard at other large listed stock corporations, without intending to change the overall remuneration level. The balance in the ratio between fixed and variable remuneration components was improved and a sustainability element was introduced for the majority of the variable remuneration. Exceptional developments (e.g., special dividends) and changes in the value of money that are not covered by interest can be offset in individual case by a resolution of the Annual General Meeting. Furthermore, attendance fees for Supervisory Board and committee meetings were introduced and the additional remuneration for committee membership was standardized.

a) Supervisory Board Remuneration Prior to June 30, 2011

Prior to June 30, 2011, the fixed remuneration component for each Supervisory Board member amounted to €25,000 for each full fiscal year and the variable component amounted to €1,200 for each cent by which the dividend per share distributed exceeds the amount of €0.15; the amount of remuneration was calculated on a pro rata basis for the period up until June 30, 2011, i.e., for six months.

b) Modification of Supervisory Board Remuneration as of July 1, 2011

Since July 1, 2011, the fixed remuneration component per Supervisory Board member has been €40,000 for each full fiscal year. The variable remuneration is €1,000 for each cent by which the dividend per share exceeds €0.25. 40% of this variable remuneration will be paid out after the actions of the Supervisory Board member in question have been approved by the Annual General Meeting for the fiscal year for which remuneration is being paid (Initial Year). The remaining amount will be paid out following the Annual General Meeting to which the annual financial statements for the third year following the Initial Year are submitted, insofar as the average dividend for the Initial Year and the three following fiscal years is not lower than the dividend for the Initial Year. Interest in line with current market rates will be paid on this amount until such time as it is paid out. Furthermore, members of the Supervisory Board and committees receive an attendance fee in the amount of €1,000 for participating in full at a meeting of the Supervisory Board or committee and €500 for participating in the majority of a meeting.

Subject to the resolution of the Annual General Meeting on April 26, 2012, on the dividend[22] to be distributed for fiscal year 2011, the members of the Supervisory Board[23] will receive the (net) remuneration presented in the following table for their activities in fiscal year 2011[24]:

Total Remuneration of the Supervisory Board for Activities in Fiscal Year 2011 (in €)

	Fixed[25]		Variable		Total	
	2010	**2011[26]**	2010	**2011[27]**	2010	**2011**
Dr. Walter Diembeck	40,000	56,082	66,000	55,414 (13,611)	106,000	111,496
Beatrice Dreyfus[28] (since April 20, 2011)	–	29,096	–	35,704 (13,611)	–	64,800
Prof. Dr. Eva Eberhartinger	40,000	71,603	66,000	55,414 (13,611)	106,000	127,017
Elke Gabriel	25,000	36,562	66,000	55,414 (13,611)	91,000	91,976
Michael Herz	50,000	59,041	66,000	55,414 (13,611)	116,000	114,455
Thomas Holzgreve (Deputy Chairman)	37,500	56,842	99,000	83,121 (20,416)	136,500	139,963
Thorsten Irtz (Deputy Chairman)	37,500	55,342	99,000	83,121 (20,416)	136,500	138,463
Dr. Rolf Kunisch (until April 19, 2011)	25,000	7,466	66,000	19,710 (–)	91,000	27,176
Tomas Nieber	25,000	36,562	66,000	55,414 (13,611)	91,000	91,976
Michel Perraudin[29] (since September 21, 2011)	–	14,178	–	12,575 (7,545)	–	26,753
Prof. Dr. Reinhard Pöllath (Chairman)	62,500	90,404	165,000	138,534 (34,027)	227,500	228,938
Prof. Manuela Rousseau	25,000	35,562	66,000	55,414 (13,611)	91,000	90,976
Volker Schopnie	40,000	56,082	66,000	55,414 (13,611)	106,000	111,496
Thomas Siemsen (until April 21, 2011)	25,000	7,603	66,000	20,071 (–)	91,000	27,674
Total	432,500	**612,425**	957,000	**780,734 (191,292)**	1,389,500	**1,393,159**

[22] Based on the proposal for a dividend of €0.70 per share submitted to the Annual General Meeting.
[23] Colin Day waived his claim to remuneration for his work as a member of the Supervisory Board.
[24] Presented exclusive of value added tax.
[25] Fixed remuneration component and remuneration for membership of Supervisory Board committees.
[26] This figure takes into account the changes in Supervisory Board remuneration as of July 1, 2011 (including attendance fees).
[27] This figure takes into account the variable remuneration due up until June 30, 2011, under the previous system, and the variable remuneration as from July 1, 2011, calculated under the system modified by § 15 of the Articles of Association. The figure in brackets represents the long-term portion (60%) of the variable Supervisory Board remuneration that will be paid out after the 2015 Annual General Meeting if the preconditions for payment are met (plus interest in accordance with § 15 (1) of the Articles of Association, if applicable).
[28] Alternate member replacing Dr. Kunisch.
[29] Court-appointed Supervisory Board member.

Members of the Supervisory Board did not receive any loans or advances from the company, nor were any contingent liabilities entered into in their favor. 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.

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

1. Directors' Dealings in Accordance with § 15a *Wertpapierhandelsgesetz* (German Securities Trading Act, *WpHG*)

In accordance with § 15a *Wertpapierhandelsgesetz* (German Securities Trading Act, *WpHG*), the members of the Executive Board and the Supervisory Board are required to report transactions involving shares in Beiersdorf AG or related financial instruments (directors' dealings) to the company and Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – Federal Financial Supervisory Authority) within five business days. This also applies to related parties of such persons. This requirement does not apply in cases in which the aggregate amount of transactions involving a member of the Executive Board or the Supervisory Board and the related party of such a person does not exceed the total of €5,000 in a single calendar year.

In the past fiscal year, Beiersdorf AG received the following notifications in accordance with § 15a *WpHG*: On January 12, 2011, JJMR GbR, which is a related party of Prof. Dr. Pöllath, purchased 12,100 shares of the company (price per share: €41.3016, total volume: €499,749.36) and on January 13, 2011, it purchased a further 12,050 shares (price per share: €41.489, total volume: €499,942.45).
Cornelia Herz, who is a related party of Supervisory Board member Michael Herz within the meaning of § 15a (1) sentence 2 and (3) sentence 1 WpHG, sold 1,000 shares of the company on January 27, 2012 (price per share: €45.835, total volume: €45,835).

2. Shareholdings of the Executive and Supervisory Boards in Accordance with Section 6.6 of the German Corporate Governance Code

According to section 6.6 of the German Corporate Governance Code, the ownership of shares of the company or related financial instruments shall be reported by Executive Board and Supervisory Board members if they directly or indirectly exceed 1% of the shares issued by the company. If the entire holdings of all members of the Executive Board and Supervisory Board exceed 1% of the shares issued by the company, these shall be reported separately according to the Executive Board and the Supervisory Board.

Michael Herz, a member of the Supervisory Board of Beiersdorf AG, has notified the company that 50.89% of the shares in the company are attributable to him; taking into account the 9.99% of the shares held by the company itself, which do not carry voting or dividend rights in accordance with § 71b *Aktiengesetz* (German Stock Corporation Act, *AktG*), his shareholding amounts to 60.88% of the company's share capital. As of December 31, 2011, the remaining members of the Supervisory Board did not directly or indirectly hold shares of the company or related financial instruments exceeding 1% of the shares issued by the company. Consequently, members of the Supervisory Board held a total of 50.89% of the shares as of December 31, 2011; this corresponds to 60.88% of the share capital, taking into account the shares held by the company itself. As of December 31, 2011, the members of the Executive Board held a total of significantly less than 0.01% of the shares.

V. Corporate Governance Practices

Beiersdorf Aktiengesellschaft pursues the following key corporate governance practices:

Compliance

For Beiersdorf, compliance with the law and internal guidelines is an essential prerequisite for successful and sustainable business. The Executive Board has issued Compliance Principles, which can be found at —— WWW.BEIERSDORF.COM/COMPLIANCE_PRINCIPLES. In addition, an extensive antitrust compliance program, among other things, was set up in recent years. The employees concerned are given in-depth training, and numerous internal guidelines on how to comply with antitrust law have been issued. Preventing corruption is another focus of our activities. The Compliance Management function is responsible for managing the compliance management system. This function is designed to support managers in ensuring compliance, issuing and enforcing suitable internal guidelines, and training employees.

Code of Conduct

Beiersdorf's success is based on the trust placed in us by consumers, customers, investors, and employees. That is why high standards are set when it comes to responsibility – both for the company and for each individual. Beiersdorf's Code of Conduct lays down these standards in a binding set of guidelines that are to be used worldwide. Its objective is to help employees implement the key corporate principles in their everyday working life and to show how to handle potential issues or difficult situations that affect our business practices or our dealings with each other.

The Code of Conduct is available on the website at —— WWW.BEIERSDORF.COM/CODE_OF_CONDUCT.

Sustainability

Sustainability involves managing social and environmental risks and leveraging new market opportunities in such a way that value is generated for the company – not just in the short term, but also and above all in the medium and long term. Owing to its relevance, this topic falls within the Chairman of the Executive Board's area of responsibility. Beiersdorf recognized at an early stage the importance of taking responsibility and continuously improving on what it has already achieved. Because of this, our sustainability strategy builds systematically on our previous work. In fiscal year 2011, we again made significant progress in making products and production processes more sustainable and in meeting stakeholders' expectations. In order to ensure that we concentrate on issues that are of importance for our stakeholders and that contribute to the company's success, our sustainability strategy is based on three fields of activity: "Products," "Planet," and "People." Further information can be found on —— PAGE 32F. of this report.

Human Resources Policy

Beiersdorf's human resources activities are based on the "Focus on Skin Care. Closer to Markets." strategy that was resolved in 2010. This provided the foundation for the outlook for the period up to 2015 developed by Human Resources. The key goal is to establish Beiersdorf as one of the most attractive employers in the consumer goods industry. This involves making the best use of employees' skills and potential to meet workplace demands, promoting motivation, and fostering a performance-driven culture.

Since highly qualified, motivated employees are key to a company's success, Talent Management made up an even greater part of our human resources activities in fiscal year 2011. This is a key strategic business process that aims to establish a high-performance culture at all levels worldwide. It involves both identifying and developing a wide range of talents. By doing this, Beiersdorf contributes to the company's sustained success by ensuring that all key positions within the company can always be filled with the right people for the job. Beiersdorf's Talent Management activities are based on a standard global definition of performance and potential.

Beiersdorf's understanding of leadership and the expectations placed on all employees worldwide are based on its eight core competencies. These interlinking, complementary skills are subdivided into "Business" and "People" —— PAGE 35. Detailed information on our human resources policy can be found on —— PAGE 34F.

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 36FF.

VI. Further Information on Corporate Governance at Beiersdorf

Detailed information on the work of the Supervisory Board and its committees, as well as on the cooperation between the Supervisory Board and the Executive Board, can be found in the report by the Supervisory Board on —— PAGE 4FF. of this report.

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 21, 2011, elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as the auditors for Beiersdorf AG and the Beiersdorf Group for fiscal year 2011.

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 published on our website —— WWW.BEIERSDORF.COM as soon as possible. As well as detailed disclosures on corporate governance at Beiersdorf, this features additional information on the Executive Board, the Supervisory Board, and the Annual General Meeting, the company's reports (annual 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.

Hamburg, February 23, 2012
Beiersdorf Aktiengesellschaft

The Supervisory Board   The Executive Board

Business and Strategy

Structure and Organization

Based in Hamburg, Germany, Beiersdorf AG is a leading international branded goods company whose Consumer Business Segment develops and markets skin and body care products. Its products are sold under the core brands NIVEA, Eucerin, La Prairie, SLEK, Labello, 8x4, Hansaplast, 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.

Focus on Skin Care.

In 2011, we further developed our Consumer Business Strategy "Focus on Skin Care. Closer to Markets." to harness the high growth potential of our brands and to adjust to changed market conditions. Our company focuses on those product segments in which it has comprehensive expertise. Skin and body care has been our core business for 130 years. This is particularly true for the NIVEA brand, which celebrated its 100th anniversary in 2011.

Activities in fiscal year 2011 centered around the investments in the NIVEA brand and the streamlining of our product range as part of our focus on skin and body care. Beiersdorf is thus both playing to its strengths and targeting the markets that offer the greatest growth potential in the coming years. By 2015, skin care will be the main growth driver in the global cosmetics market, accounting for 45% of growth. We continued to systematically drive implementation of our new strategy forward in fiscal year 2011 to take maximum advantage of this. In line with this, we completed our withdrawal from the decorative cosmetics business around the world and disposed of the regional brands JUVENA and Marlies Möller. In total, we cut our European product range by almost 20% to provide retailers with an attractive, clearly structured product offering and to allow us to concentrate on important innovations.

Strong Brand Campaign

NIVEA's 100th anniversary in fiscal year 2011 provided Beiersdorf with an excellent opportunity to highlight our company's strengths. The anniversary was celebrated with promotions all around the world, which positively influenced consumers' and business partners' perception of the brand image. The celebrations were also an opportunity to realign the brand. We launched a global campaign based on the values trust, reliability, and quality in May 2011. These values have defined NIVEA for generations and play an increasingly important role in purchasing decisions today.

The new brand strategy clearly positions NIVEA as a skin care brand that appeals to consumers all over the world.
Consumers around the world came into direct contact with the brand as part of our digital "Skin Care for Life" campaign, which was flanked by a print and TV campaign.

New Operating Model Brings Beiersdorf "Closer to Markets."

The second element of the Consumer Business Strategy – "Closer to Markets." – is also vital to the success of a global company like Beiersdorf. Our three business regions (Europe/North America, Asia/Australia, and Emerging Markets) and our decentralized decision-making structures and responsibilities ensure that we are close to consumer wishes, customers, and regional conditions worldwide. The regions will now be strengthened and roles and responsibilities in the markets will be clearly defined as part of the final phase of the implementation of the strategy. Beiersdorf's headquarters in Hamburg will concentrate on strategic and global tasks.

The realignment of the company's headquarters is expected to be largely completed by mid-2012. The development and implementation of the realignment measures in the regions is being managed by our affiliates. These measures are designed to improve the company's profitabililty and to increase our competitive advantage.

Management and Control

Beiersdorf AG's Executive Board is also the management body for the Beiersdorf Group and is dedicated to increasing its sustainable enterprise value. There are two functional areas of responsibility within the Executive Board: Finance & Human Resources and Brands & Supply Chain – and three regional Executive Board areas: Europe/North America, Asia/Australia, and Emerging Markets. This regional allocation of responsibilities in particular means the Executive Board is closely involved in the company's operational business. The Chairman of the Executive Board is responsible at an overarching level for Corporate Development, Corporate Communications, the Internal Audit function, and Sustainability.

The tesa Business Segment is managed as an independent subgroup.

Information on the remuneration of the Executive Board and the Supervisory Board as well as on incentive and bonus systems is provided in the section entitled "Corporate Governance" in the Remuneration Report, which forms part of the Management Report and the Annual Financial Statements. The Corporate Governance Statement in accordance with § 289a *Handelsgesetzbuch* (German Commercial Code, *HGB*) has been made publically available on the company's website at —— WWW.BEIERSDORF.COM/CORPORATE_GOVERNANCE_STATEMENT. 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 Report.

Value Management and Performance Management System

The goal of our business activities is to sustainably increase our market share by achieving 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 Group's profitability. 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. Corporate management derives the business performance targets for the individual units in the Group for the coming year from the Group's strategic business goals. This planning covers all segments and affiliates. Generally, the Executive Board and Supervisory Board formally adopt the Group's planning in the fall.

Actual key performance indicators are compared with planned values and with the current forecast for the year as a whole at regular intervals during the fiscal year. This ensures that the business is managed in line with the objectives.

The tesa Business Segment forms a separate, independent unit within the Group. It is also managed on the basis of the sales growth, EBIT, and EBIT margin performance indicators, as well as the return on capital.

Economic Environment

General Economic Situation

The global economy continued on the road to recovery in fiscal year 2011. Over the course of the year, however, an economic slowdown became noticeable in most industrialized nations in particular, with only the majority of emerging markets maintaining their strong momentum. In the eurozone, the euro and sovereign debt crisis intensified in additional countries. The EMU states implemented additional bailout and stability programs to provide support for particularly badly affected countries in Southern and Western Europe. In return, their governments had to introduce drastic austerity measures and structural reforms, which negatively impacted domestic demand. The countries hardest hit by the debt crisis remained in recession. Conversely, the German economy grew faster than the rest of the eurozone. This performance was due in particular to the export sector, where Germany is traditionally strong. Continuing low interest rates and an upbeat business outlook at the start of the year stimulated investment. The slight easing of the economy over the course of the year has so far not had an effect on the labor market, although consumer spending is expected to decrease due to the uncertainty on the financial markets. In the United States, ongoing unemployment in particular led to a decline in growth. In comparison to last year, the continued strong growth of the Chinese economy eased only slightly, meaning it is still the global economy's main growth driver. The positive economic development in China was not shared everywhere in the Asia region. This was due in particular to the slowing of the Japanese economy following the natural disasters there, and its close links with the economy of the neighboring Asian countries.

Sales Market Developments

Growth rates in the global cosmetics market in 2011 were more or less on a level with the previous year. The Asia and Latin America regions continue to be growth drivers. The majority of countries in Eastern Europe are also recording significant growth. However, the saturated markets of Europe and North America were flat.

Procurement Market

Procurement market developments in 2011 were again dominated by supply bottlenecks due to raw materials shortages caused, among other things, by particularly strong global economic growth in the first half of the year. This led to steep price increases, especially for oil-based raw materials. In addition, the unstable political situation in the Middle East and North Africa impacted oil prices. The price of oil increased to USD 130 per barrel in the first quarter and has remained elevated since then. Natural events such as periods of extreme heat or cold caused harvest failures for natural raw materials. The earthquake in Japan and the associated reactor accident in Fukushima led to considerable bottlenecks for specific raw materials that we use in many of our products. As a result of these unforeseeable events, the commodities markets were very volatile with respect to product availability and price trends. We ensured raw materials security at our production facilities thanks to cooperation between the affected areas and by using alternative sources of supply.

The Economic Situation – Summary

The weak performance by the saturated cosmetics markets of Germany and Western Europe had a negative effect on overall growth because of the high proportion of sales generated in these regions. Sales growth in most of our rapidly growing markets was strong.

Results of Operations – Beiersdorf AG

(in € million)

	2010	**2011**
Sales	**1,059**	**1,048**
Other operating income	87	95
Cost of materials	–264	–243
Personnel expenses	–201	–201
Depreciation and amortization of property, plant, and equipment, and intangible assets	–50	–45
Other operating expenses	–503	–520
Operating result	**128**	**134**
Net income from investments	270	165
Net interest expense	–20	–13
Other financial result	–15	4
Financial result	**235**	**156**
Result from ordinary activities	**363**	**290**
Extraordinary result	**–**	**–45**
Taxes on income	–74	–33
Profit after tax	**289**	**212**
Transfer to other retained earnings	–113	–36
Net retained profits	**176**	**176**

Beiersdorf AG's sales declined by €11 million to €1,048 million in the year under review (previous year: €1,059 million) as a result of its withdrawal from the decorative cosmetics business. Sales of NIVEA Deodorant and NIVEA Sun performed particularly well. Sales of €819 million (previous year: €845 million) were generated in Germany and €229 million (previous year: €214 million) abroad.

Other operating income rose by €8 million compared with the previous year. This increase is attributable to higher foreign exchange gains on trade receivables and payables and higher income from the reversal of provisions.

The financial result fell by €79 million compared with the previous year to €156 million (previous year: €235 million). This decrease is the result of a sharp decline of €105 million in net income from investments, the narrowing of the net interest expense (€7 million), and an improvement of €19 million in the other financial result, mainly as a result of an increase in net currency gains/losses on financial positions.

The result from ordinary activities was €290 million, down €73 million on the previous year. The operating result rose by €6 million, while the financial result fell by a significant €79 million.

The extraordinary result comprises non-recurring costs of €45 million from the realignment of Beiersdorf AG's structures and processes, which was resolved in November 2011.

Profit after tax amounted to €212 million (previous year: €289 million), down by €77 million.

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

Balance Sheet Structure and Financial Position – Beiersdorf AG

(in € million)

Assets	Dec. 31, 2010	Dec. 31, 2011
Intangible assets	110	80
Property, plant, and equipment	56	52
Financial assets	1,302	1,390
Fixed assets	**1,468**	**1,522**
Inventories	2	5
Receivables and other assets	363	414
Securities	1,117	1,347
Cash and cash equivalents	246	125
Current assets	**1,728**	**1,891**
Prepaid expenses	**3**	**4**
Excess of plan assets over post-employment benefit liability	**–**	**2**
	3,199	**3,419**

Equity and liabilities	Dec. 31, 2010	Dec. 31, 2011
Equity	**1,505**	**1,558**
Provisions for pensions and other post-employment benefits	405	408
Other provisions	258	273
Provisions	**663**	**681**
Liabilities	**1,031**	**1,180**
	3,199	**3,419**

Balance Sheet Structure

The increase in financial assets of €88 million reflects a capital increase at Beiersdorf CEE Holding GmbH, Austria. Investments of €9 million in property, plant, and equipment were offset by depreciation of €12 million. Receivables from affiliated companies increased to €308 million (previous year: €268 million) as a result of the expansion of intragroup financing. The securities item rose by €230 million. As of December 31, 2011, Beiersdorf AG had invested €1,347 million (previous year: €1,117 million) in government and corporate bonds, Pfandbriefe, and near-money market retail funds. €672 million (previous year: €689 million) of the securities have a remaining maturity of up to one year, and €675 million (previous year: €428 million) have a remaining maturity of between one and four years.

Pension provisions rose slightly by €3 million. The offsetting of plan assets against defined contribution pension obligations led to an excess of plan assets over post-employment benefit liability of €2 million. Liabilities include liabilities to affiliated companies in the amount of €1,116 million (previous year: €980 million). The increase relates primarily to financial liabilities.

Of the total assets of €3,419 million (previous year: €3,199 million) shown in the balance sheet, €1,558 million (previous year: €1,505 million) or 46% (previous year: 47%) 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 Group's basic operating and financial business. Scenarios and rolling 12-month cash flow planning are used to establish liquidity requirements.

Research and Development

Intensive research has a 130-year tradition at Beiersdorf and is a key factor for our success. In the Consumer Business Segment, we develop innovative, user-driven products that are tailored to the wishes of consumers worldwide and that offer quality, effectiveness, and outstanding tolerability.

In the year under review, we invested a total of €112 million in research and development (previous year: €106 million). As of December 31, 2011, a total of 484 staff (previous year: 474) were employed in research and development at Beiersdorf AG.

New Scientific Findings in Skin Research

The research performed in the Consumer Business Segment in fiscal year 2011 continued to focus on our core area, skin. Researchers developed new starting points for treating UV-related skin damage. They showed which harmful effects sunlight has on the skin's stem cells, and how it causes chronic skin problems. They proved that glycyrrhetinic acid stimulates the skin's own repair process, and as a result, lends itself to use as an active ingredient in sun protection products.

Beiersdorf is cooperating with well-known university institutes in publicly subsidized cooperative skin research projects. "AgeNet," which is supported by Germany's Federal Ministry of Education and Research (BMBF), investigates the interaction between the biological aging processes that take place in molecules, cells, and tissue, and how this can lead over time to skin partly or even completely losing the ability to regenerate and renew itself. These findings can serve as the basis for new treatment methods.

The project "ArtiVasc 3D" is sponsored by the European Union and aims to construct new, highly complex skin equivalents, among other things. For the first time, these include a blood vessel system, closely resembling natural human skin. This would be a major breakthrough in the field of tissue engineering as it would allow skin processes to be examined in a Petri dish under near-real conditions. The research also aims to develop an effective skin model that can be used to test pharmaceutical, cosmetic, or chemical substances and products.

Beiersdorf is highly committed to the protection of animals and has been supporting the development of cutting-edge alternative cruelty-free techniques for decades now. The Beiersdorf toxicology research team was awarded the 2011 Research Prize for Alternatives to Animal Testing by the German Federal Ministry for Food, Agriculture and Consumer Protection (BMELV). In particular, the prize acknowledged the cruelty-free method used by Beiersdorf to test substances for potential allergens.

Prize for Open Research Platform

The "Pearlfinder" open innovation initiative aims to boost Beiersdorf's access to innovative ideas from outside the company and increases the scope for open exchange on scientific questions in a secure environment. The initiative allows Beiersdorf to involve external partners in research and development for products and packaging at an early stage.

Companies, research institutes and universities, and individual scientists and inventors can register on the "Pearlfinder" Internet platform to exchange new research approaches and ideas with Beiersdorf. This enables Beiersdorf to identify and pursue new discoveries and ideas in the shortest possible time. This boosts our innovative ability and strengthens working relationships with our external partners. We have already identified a number of successful approaches since the launch of the platform that have led to research and development work in cooperation with external partners. Our partners rate the new initiative very positively and demonstrated great interest in "Pearlfinder" in its first year.

Beiersdorf was awarded the Handelsblatt "Best Open Innovator Award 2011" for the best "Partnering Concept" due to its open innovation initiative, and in particular for its "Pearlfinder" platform. Further information on "Pearlfinder" can be found at —— HTTP://PEARLFINDER.BEIERSDORF.COM.

Focus on Consumer Wishes

Beiersdorf tests all of its products on two levels, both of which are key to market success. In order to establish the individual needs of our consumers, these need to be involved in the product development process. In addition, we test our products using the latest scientific methods to ensure that they are both safe and as effective as possible.

The top priority for Beiersdorf's researchers is to fulfill our consumers' wishes and needs. This is why we have been using comprehensive research methods from the field of behavioral science, such as systematic statistics and consumer observations from all over the world, at our research center in Hamburg for over ten years now. This data provides important information for developing new products. Wherever the company is represented – whether Thailand, Russia, Brazil, or India – we adapt our products to meet local conditions and regional requirements.

All Beiersdorf products are subject to rigorous product application tests. Every year, we conduct over 2,000 studies involving more than 65,000 participants to demonstrate and document, for example, the effectiveness of products such as anti-aging cosmetics. Beiersdorf is currently supported by 40 external institutes around the world, for instance in Europe, Brazil, India, China, South Africa, and the USA.

Beiersdorf only uses established methods in all stages of its research and development work, from designing a study and selecting participants through to the final data analysis.

Wide Range of Innovations

We applied for patents for 81 innovations in fiscal year 2011 (previous year: 77). Key product launches in the year under review were:

- **NIVEA Visage Pure & Natural** is a highly effective range of products based on ingredients that are 95% natural or of natural origin, featuring elegant textures and pleasant fragrances. NIVEA Visage Pure & Natural Anti-wrinkle Cream with certified organic burdock root extract has been scientifically proven to reduce wrinkles considerably and was well received in consumer tests. Our near-natural cosmetics meet our consumers' wishes for care products using natural ingredients.
- **NIVEA Deodorant Invisible for Black & White** is the outcome of seven years' research to find an innovative solution to unpleasant deodorant marks on clothing. The new generation of deodorants protects dark fabrics from white marks and prevents the buildup of yellow stains on white clothes. The new deodorant formula also provides 48-hour protection against perspiration and odor. All deodorants in the Invisible for Black & White range are alcohol-free, contain no colorants, and are dermatologically approved.
- **NIVEA Body Repair & Care** is the first product of its kind to combine highly effective moisturizing ingredients such as urea and gluco-glycerol – exclusive to Beiersdorf – with nourishing ingredients such as panthenol in cosmetically highly attractive formulas. Comprehensive tests involving consumers with very dry skin revealed outstanding 48-hour moisturization and excellent tolerability. Unlike existing products for very dry skin, which are too greasy and too oily, NIVEA Body Repair & Care is absorbed quickly and is pleasant to use.
- The optimized **NIVEA FOR MEN Sensitive** series with its new, extra mild Active Comfort formula was launched on the market in spring 2011. All products in the range provide intensive moisture and care for men's sensitive skin during and after shaving to prevent irritation. In particular, the new NIVEA FOR MEN Sensitive Hydro Gel face care with natural chamomile and aloe vera reduces skin sensitivity gradually. It is absorbed quickly and provides intensive moisture without leaving any greasy residues on the skin, making it perfect for modern men.
- **Eucerin Complete Repair** is an innovative all-in-one solution for dry and extremely dry skin. Dry skin needs more than nourishing and hydration to relieve unpleasant symptoms. Eucerin is based on the latest findings from molecular biology and provides real relief for skin. It combats all of the major symptoms of dry skin including scaling and tightness, making Eucerin Complete Repair an innovative all-in-one solution for dry and extremely dry skin.

- **Hansaplast Foot Expert Repair & Care** provides relief against cracked and extremely dry, chapped skin. It creates a highly effective protective layer that retains moisture in the skin. In addition, its soothing formula contains panthenol and bisabolol to promote the skin's own regenerative process. It has been scientifically proven to make even very dry heels smooth and supple again in as little as four days.*

The **La Prairie Group** in Zurich (Switzerland) also developed a large number of innovative products in 2011 for Beiersdorf's exclusive brand La Prairie. One of the most important product launches is Cellular Power Infusion. Based on the latest biotechnological findings, this anti-aging skin care product draws on a synergy of powerful ingredients to stimulate skin regeneration, and re-energize and nourish it. Cellular Power Infusion combats causes of skin aging: loss of energy, the changing functionality of skin cells, and the weakening of tissue. The active ingredients are so pure that they must be combined directly before use. The energizing formula is activated with a simple turn of the wrist, blending the contents of the elegant bottle to create a brilliant, shimmering purplish blue.
Cellular Power Infusion contains a unique complex of Swiss snow algae, which flourish in the extreme glacial conditions of the Swiss Alps. Snow algae create a special protective mechanism to prevent stress and energy loss. We have applied for patents for this combination of tissue-restoring active ingredients and regenerative peptide, as well as for the special packaging.
Cellular Power Infusion is one of the most important product innovations from La Prairie's research and development and a significant milestone in cosmetics research.

* 88% of 32 people in a skin application test agreed.

Sustainability

Beiersdorf recognized the importance of taking responsibility at an early stage. Environmental protection, social responsibility, and economic success have been equally important components of our corporate culture throughout our company's history. We are convinced that we are only successful when we do equal justice to all three areas. This is even truer in today's changed world of resource shortages and climate change. Customers and consumers increasingly expect companies to act in a socially and ecologically responsible manner. For us, sustainability means managing social and environmental risks, living our brand values, and at the same time leveraging new market opportunities. Numerous projects show that, once again, we achieved a lot in 2011.

Sustainability Strategy: "We care."

Under the umbrella motto "We care." we updated our sustainability strategy – to enable us to continue being successful in the future and to continuously improve on what we have already achieved. For us, care is a key value that represents our responsibility to people and the environment. In a fast-changing world, only companies that respond to changes flexibly will be successful. This is why our approach to sustainability focuses on increasing the company's adaptability. In the future, we will concentrate on six focus areas in three fields of activity:

In the **"Products"** area, there are three focus areas: "raw material use," "packaging," and "consumer engagement." For "raw material use," we have set ourselves the goal of making research, raw materials procurement, and the development of new formulas and applications even more sustainable. In the "packaging" area, we are focusing on reducing resource consumption by minimizing packaging and developing alternative, sustainable packaging solutions. For the "consumer engagement" topic, we aim to actively help consumers live a more sustainable life.

In the **"Planet"** area, the focus is on the "use of resources." Our goal is to continually reduce our consumption of water, energy, and limited resources in our production and sales activities.

In the **"People"** area, we are addressing the issue of "employee engagement & development." We want to encourage all employees to continue their development and to become personally involved. Another key aspect in this area is "corporate social responsibility." We support local and global initiatives that are in line with our company's strategic goals.

Targets for Sustainable Activities

We have set ourselves ambitious targets: In the "Products" area, we want 50% of our sales to be generated from products with a significantly reduced environmental impact by 2020. In the "Planet" area, we have given ourselves the same time period in which to reduce our CO_2 emissions by 30% per product sold. Furthermore, in the "People" area, we aim to give half a million children the power to determine their own future by providing them with an education by 2020.

Global Environmental Protection and Occupational Safety Standards

We have also systematically enhanced our audit system and worked to integrate key aspects of energy management and the security audit process. ESMAS (Environmental Protection and Safety Management Audit Scheme), our audit program, covers the following modules: environmental protection, occupational safety, and security. ESMAS is the tool we use to implement and monitor Beiersdorf's standards, which are applicable all over the world. In 2011, the ESMAS system was certified for another three years by the German Association for the Certification of Management Systems (DQS) as conforming to the internationally recognized ISO 14001 and OHSAS 18001 standards. A total of 13 out of 16 production locations are now ESMAS-certified after the re-auditing of our facilities in Germany (Hamburg), Chile, and Brazil.

Less Waste, Same Quality

We are working continually on sustainable product solutions. 97% of our packaging materials are already recyclable. In 2011, we further reduced our materials usage while maintaining the same level of product quality. In the future, we will pursue opportunities to make savings throughout the entire packaging life cycle, for instance by using low-energy production technologies, cutting the number of transports, or minimizing waste.

Achieving More Together

We are not merely acting sustainably within our own company – we also expect this from our partners. We have developed a supplier code of conduct with uniform, binding criteria to ensure that our suppliers meet the same sustainability requirements as we do. This includes fair working conditions and environmental protection, as well as observance of human rights and categorical rejection of corruption. We have developed a system that enables us to monitor our suppliers’ compliance with the code of conduct, and which regulates how we handle deviations.

Prevention Improves Health and Safety

We firmly believe that we can only become more sustainable with the help of our employees. Our extensive education and training programs help them to make their day-to-day work both more sustainable and, not least, safer. Numerous examples from our international affiliates demonstrate that the measures taken to reduce occupational accidents contribute to better safety in the workplace in the long term.

Beiersdorf’s workplace health promotion program is inspired by the idea that prevention is better than cure. A wide range of regular offerings, such as ergonomic advice and training on lifting and carrying techniques for the workplace, is available to our employees to help them prevent illnesses. In addition, the health promotion program adopts different focus areas every year: in 2012, we will provide resilience training and comprehensive offerings for the early detection of breast cancer.

Active Corporate Social Responsibility

We are taking responsibility in the wider world by supporting disadvantaged members of the community. According to the motto “We care & connect,” we support activities that are consistent with our values and that have a positive influence on society and our brands. All activities around the world are based on the principle of “helping people to help themselves” and fulfill the criteria of local relevance, longevity, a mutually beneficial approach, and measurability.

The partnership between NIVEA and children’s development organization Plan International that began in 2010 has become Beiersdorf’s largest CSR activity in the meantime. Our top priority here is to empower children in the long term through education, for example, by providing financial assistance, donations in kind, and voluntary work. We are currently working with Plan International in 25 countries, including India, Brazil, Ecuador, Indonesia, Kenya, and Guatemala.

Employees

Success Has Many Faces

As of December 31, 2011, Beiersdorf AG employed 1,912 people (previous year: 1,932). There were 329 vocational training positions and traineeships (previous year: 335).

Identifying Global Trends

Employees are vital to corporate success. They play a particularly important role in managing strong brands, developing innovations, inspiring consumers, and maintaining this success over the long term. Human Resources provides the framework required to achieve this by analyzing trends and developments in the workplace and wider world, and reacting appropriately for the future of the company.
Megatrends will dominate the global labor market over the coming years. Demographic change means that populations are aging across the developed, industrialized world, not just in Germany and Europe. This has implications for the age structure of company workforces. The increasing mobility of highly qualified employees and the globalization of the labor market create both opportunities and challenges. More than ever, international companies such as Beiersdorf need employees who can move between countries, cultures, and languages. Our ability to develop innovative products for different markets and leverage our opportunities around the world relies on promoting diversity.
The work-life balance also plays an increasingly important role in the workplace. Beiersdorf's part-time working models in particular permit highly flexible, customized working times that reconcile employees' personal wishes and operational requirements to the greatest extent possible.

These and other trends directly influence Beiersdorf's human resources activities. A company can only be successful over the long term if it responds flexibly to challenges such as these and treats its employees responsibly.

Shaping the Change Process

Beiersdorf's human resources activities are based on its plan for the period up to 2015. The key objective is to establish Beiersdorf as one of the most attractive employers in the consumer goods industry. The human resources strategy is essentially based on the following pillars, which are applicable all over the world:

- develop world-class, diverse talent at all levels
- drive the right organizational capabilities
- enable an engaging, high-performance working environment

This comprises making the best use of employees' skills and potential to meet workplace demands, promoting motivation, and fostering a performance-driven culture.
One of Human Resources' most important tasks in fiscal year 2011 was initiating and shaping structural change. Our number one priority was to plan these changes thoroughly and in a far-sighted manner, as well as to implement the necessary measures. Ensuring the right balance in the division of responsibilities between headquarters and the regions, as well as determining the optimal assignment of roles and responsibilities, were critically important. The Consumer Business Strategy can only be successfully implemented when the right people, with the right skills and abilities, are in the right place at the right time.
With the rollout of the final phase of the implementation of the strategy in November, Beiersdorf announced the changes designed to simplify and optimize the company's structures and processes and align them with a stronger role for the regions.

Focus on Skills

Qualified, motivated employees are key to the success of a company – and Talent Management made up an even more important part of our human resources activities in fiscal year 2011. Companies must identify and nurture human resources potential by developing employees in a targeted manner and motivating them to achieve above-average results.

The long-term success of a company also relies on its ability to attract highly qualified job applicants. Individual development opportunities also play a large role, as does recognizing and rewarding performance fairly.

Performance Guidelines

In order to discuss performance, the term must be clearly and uniformly defined. Human Resources developed a new skills model in the year under review that defines Beiersdorf's understanding of effective leadership and its expectations of employees. The model comprises three key elements:

— Eight core competencies. These management commitments represent an important orientation tool for all employees. They apply to all levels but are individually defined for each position.
— Three criteria for potential assessment which serve to identify and develop employees with high potential.
— Functional competencies, which describe the specialist skills required in each area.

The competency model was introduced across all affiliates at the end of September 2011. It ensures that the criteria used to measure leadership, performance, and employee potential are comparable at a global level. This promotes transparency and clarity. It is the necessary basis for assessing employees at all levels fairly and, as such, is essential for a high level of motivation and commitment.

Optimized Strategic Human Resources Planning

The new Integrated Talent Management program allows Human Resources to grow and foster a performance-driven culture among all employees, which has a direct impact on the company's success in the global markets. This important strategic human resources planning tool is complemented by optimized succession management. This tracks recruiting requirements and employee potential, serves as an early warning system for potentially critical positions, and ensures employees receive training.
Human Resources also supports management staff in managing and developing their teams. Continuous professional development and lifelong learning continue to be an integral part of Beiersdorf's culture and are seamlessly incorporated into the Integrated Talent Management program. Beiersdorf offers its employees a wide range of opportunities to develop their professional and personal skills – from on-the-job training programs, specialist courses, and continuing professional development to management training. Ultimately, employees' qualifications are crucial to Beiersdorf's ability to remain competitive – particularly in the light of the changes to structures and processes that dominated the year under review.

Remuneration of the Executive and Supervisory Boards

For information on the principles of the system governing Executive and Supervisory Board remuneration and the amount of members' individual remuneration, please refer to the Remuneration Report in the Corporate Governance Report, starting on —— PAGE 12. The Remuneration Report forms part of the Annual Financial Statements and the Management Report.

Risk Report

Integrated Risk and Opportunity Management

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 reasonably 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.

Accounting-related Internal Control System

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 the Management Report. This integral element of the accounting process comprises preventive, monitoring, and detective measures designed to ensure security and control in accounting and the operational functions. The security measures embedded in the organizational structure and workflows are intended to prevent errors, while the controls aim to reduce the probability of errors occurring during processes and to discover any errors that are made. Among other things, the measures include the separation of functions, manual and IT-based approval processes such as dual controls, IT checks, access restrictions and authorization concepts for the IT system, and systems-based processes for handling accounting data. The core accounting processes at Beiersdorf AG are handled by a Shared Service Center. The basic principles and processes and the reporting structure for accounting are documented in an accounting and financial controlling manual and a risk management manual. Legislation, accounting standards, and pronouncements are analyzed for their relevance and taken into account as necessary.

Independent Monitoring

Our Internal Audit department monitors risk management and compliance with the internal control system by means of systematic audits. The department is independent of the Group's operating activities, and regularly reviews our business processes and the systems and controls we have put in place. In addition, the external auditors audit the risk early warning and monitoring system. They regularly report their audit findings to the Supervisory Board and in particular to its Audit Committee.

Our Risk Profile

Strategic and Sector-specific Risks

Maintaining and increasing the value of our major consumer brands with their broad appeal is 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, which take into account consumer feedback on earlier products, when developing new products. Our products are subject to the strict criteria of our quality management 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 latter's 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. We have laid the groundwork for identifying consumer wishes even faster and for reflecting them in the products we develop by developing and implementing the "Consumer Insights" process. 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 imitations and counterfeiting of our products, and thus helps safeguard and further increase the earnings potential previously created.

Supply Chain and IT Risks

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. 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 improvements, as well as by establishing a continuity management system that is an integrated part of our IT operations. We counter selected risks by transferring them to insurance companies.

Cooperation and contacts with universities enable us to build early links to qualified new employees, for whom we have special trainee programs 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 supports the appointment of qualified staff in key positions throughout the company as these become vacant.

Financial 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.

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, whereby the specific requirements for the organizational separation of the trading, settlement, and controlling functions are taken into account. Derivative financial instruments serve primarily to hedge operational activities and financial transactions essential to the business. They do not expose the Group to any material additional risks.

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

Potential default risks relating to the investment of the Group's liquid funds are limited by only making 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. These parameters are used to determine maximum amounts for investments with each partner bank (counterparty limits), which are compared regularly with the investments actually made across the Group. Given the developments in the capital markets, we have invested more than half of our liquidity in low-risk liquid investments (such as government/corporate bonds and Pfandbriefe).

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, and the conscious alignment of the instruments deployed with the requirements of our business activities.

Along with other companies, affiliates of the Beiersdorf Group in Belgium, Germany, and France are involved in antitrust proceedings relating to cosmetics products on a national level. A statement of objection has been issued in Germany. The proceedings in the Netherlands were discontinued in May 2011. The proceedings in Switzerland were discontinued in October 2011 by way of an order; likewise, no fine was levied. We expect further decisions in the coming months. To the extent that an outflow of resources embodying economic benefits is likely to be required to settle these obligations, provisions were established for the pending antitrust proceedings in the amount of the best estimate of the settlement value. However, no conclusive assessment of the risk from the Group perspective is possible at present.

Summary of Beiersdorf AG's Risk Situation

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

Drugstore chain Schlecker filed for self-administered insolvency in January 2012. A restructuring plan aims to preserve a large number of the outlets in the network and with it, jobs. Schlecker has since reached an agreement with its largest creditor Markant and has resumed normal operations. Beiersdorf AG has taken all measures necessary to minimize the effects of Schlecker's insolvency on Beiersdorf AG's sales and earnings. We do not expect this to have any material impact on the achievement of our goals in 2012. No further significant events occurred after the end of the fiscal year.

Disclosures Required by Takeover Law

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

Please refer to the notes to the consolidated financial statements for the disclosures on the composition of the subscribed capital and 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 held by Michael Herz in Beiersdorf Aktiengesellschaft amounts to 60.88% (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) following each utilization of authorized or contingent capital.

The Annual General Meeting on April 29, 2010, authorized the Executive Board, with the approval of the Supervisory Board, to increase the share capital in the period until April 28, 2015, by up to a total of €92 million (Authorized Capital I: €42 million; Authorized Capital II: €25 million; Authorized Capital III: €25 million) by issuing new no-par value 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 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. if the total amount of share capital attributable to the new shares for which preemptive rights are to be disapplied does not exceed 10% of the share capital existing at the time this authorization comes into effect or, in the event that this amount is lower, at the time the new shares are issued and the issue price is not materially lower than the quoted market price of the 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 have been disapplied since April 29, 2010, 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, business units of 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.

In addition, the Annual General Meeting on April 29, 2010, resolved to contingently increase the share capital by up to a total of €42 million, composed of up to 42 million no-par value bearer shares. The contingent capital increase will only be implemented to the extent that:

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 April 28, 2015, 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 April 28, 2015, 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 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.

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

The Annual General Meeting on April 29, 2010, also authorized the company 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 April 28, 2015. The shares shall be purchased via the stock exchange or via a public purchase offer addressed to all shareholders. The Annual General Meeting 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 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 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 these 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. Finally, the Executive Board was 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 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

We believe that global economic development will again vary widely from region to region in the coming years and will be characterized by a great deal of uncertainty. The industrialized countries are likely to record weaker growth in 2012, whereas we expect sustained, above-average economic growth in the developing countries and emerging markets.

The economic situation in Europe will continue to be mixed. Some economies such as Germany will fare better, with growth expected to stagnate. We are forecasting a downturn in market performance in other European countries that have been harder hit by the euro and sovereign debt crisis.

We expect GDP growth in the United States to be up only marginally on 2011. Macroeconomic demand will continue to be muted. The euro and sovereign debt crisis is a source of uncertainty and could also drag the US economy into recession should it escalate.

In Asia, we continue to expect above-average growth, which will largely be driven by China. Fiscal and monetary policy measures being introduced by the Chinese government to curb inflationary tendencies and weakened global demand are only expected to dampen growth slightly.

We will work together with Research and Development and Quality Management to identify alternative sources of supplies and hence continue improving raw materials security for our production facilities. This will also further reduce our dependence on individual suppliers and specific raw materials. Our aim is to establish long-term business relationships with key strategic partners based on appropriate contractual arrangements. We expect prices in the procurement markets to increase less fast as a result of the global economic slowdown in 2012. The procurement markets will continue to be dominated by uncertainties surrounding the euro and sovereign debt crisis, the political situation in the Middle East, and the limited availability of specific raw materials in 2012.

Sector Developments

In our opinion, growth rates in the global cosmetics market will remain below the levels seen in the years prior to the crisis due to renewed fears of a recession among consumers. We expect minimal growth in the major Western European and North American markets. Asia and Latin America will continue making significant contributions to positive overall developments with high growth rates.

Our Market Opportunities

Market performance was again mixed in fiscal year 2011 and competition continued to increase in the individual markets. Our revised structures and processes will continue to strengthen the company's competitive ability. We feel that the regional orientation of our business management and the bundling of our resources to focus on our growth markets offer good opportunities, even though the measures we have implemented will only take full effect in the medium term. This assessment is the basis for our planning for the coming fiscal year.

We will build on our solid financing structure and strong earnings position together with our dedicated and highly qualified employees to continue to exploit the opportunities that our brand portfolio offers us in the future. Our extensive research and development activities, flanked by targeted marketing measures, will strengthen our brand core and create enduring confidence among our consumers.

Business Developments

Our assessment of business developments in the coming years is based on the above assumptions. The outlook takes into account the realignment of the corporate structures and processes in the Consumer Business Segment that Beiersdorf adopted in November 2011. The company has resolved comprehensive restructuring measures to optimize its regional structures and realign its headquarters in Hamburg. This decision entails extraordinary expenses amounting to €125 million for fiscal years 2011 and 2012. For Beiersdorf AG, these measures were already accounted for in full in 2011. Although we expect to see the first positive effects in 2012, the measures will only take effect in full as from 2014.

We expect sales at Beiersdorf AG to be roughly on a level with the previous year in 2012. We anticipate a similar performance in 2013.

In terms of Beiersdorf AG's operating result, our goal for both years is to match the prior-year operating margin, whereby we expect to see the first positive effects of the restructuring measures. We also expect the financial result to be similar to that in 2011. It should be noted in this context that both Beiersdorf AG's operating result and its financial result are influenced by effects arising from its provision of typical holding company services to affiliates.

We firmly believe that we are well-positioned for future developments thanks to our strong brands, innovative products, and our improved structures and processes.

Hamburg, February 7, 2012
Beiersdorf AG
The Executive Board

Income Statement – Beiersdorf AG

(in € million)

	Note	2010	2011
Sales	01	**1,059**	**1,048**
Other operating income	02	87	95
Cost of materials	03	–264	–243
Personnel expenses	04	–201	–201
Depreciation and amortization of property, plant, and equipment, and intangible assets	05	–50	–45
Other operating expenses	06	–503	–520
Operating result		**128**	**134**
Net income from investments	07	270	165
Net interest expense	08	–20	–13
Other financial result	09	–15	4
Financial result		**235**	**156**
Result from ordinary activities		**363**	**290**
Extraordinary result	10	**–**	**–45**
Taxes on income	11	–74	–33
Profit after tax		**289**	**212**
Transfer to other retained earnings	30	–113	–36
Net retained profits		**176**	**176**

Balance Sheet – Beiersdorf AG

(in € million)

Assets	Note	Dec. 31, 2010	**Dec. 31, 2011**
Intangible assets	13	110	80
Property, plant, and equipment	14	56	52
Financial assets	15	1,302	1,390
Fixed assets		**1,468**	**1,522**
Inventories		2	5
Receivables and other assets	16	363	414
Securities	17	1,117	1,347
Cash and cash equivalents		246	125
Current assets		**1,728**	**1,891**
Prepaid expenses		**3**	**4**
Excess of plan assets over post-employment benefit liability	19	**–**	**2**
		3,199	**3,419**

Equity and liabilities	Note	Dec. 31, 2010	**Dec. 31, 2011**
Share capital		*252*	*252*
Own shares		*–25*	*–25*
Issued capital		227	227
Additional paid-in capital		47	47
Retained earnings		1,055	1,108
Net retained profits		176	176
Equity	18	**1,505**	**1,558**
Provisions for pensions and other post-employment benefits	19	405	408
Other provisions	20	258	273
Provisions		**663**	**681**
Liabilities to banks		–	5
Trade payables		43	52
Other liabilities		988	1,123
Liabilities	21	**1,031**	**1,180**
		3,199	**3,419**

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*) as amended by the *Bilanzrechtsmodernisierungsgesetz* (German Accounting Law Modernization Act, *BilMoG*) 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.

The financial statements comprise the balance sheet, the income statement, and the notes. The income statement was prepared using the total cost (nature of expense) method. 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). The accounting policies applied in the year under review were unchanged as against the previous year.

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 body 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 declined by €11 million to €1,048 million (previous year: €1,059 million) as a result of its withdrawal from the decorative cosmetics business.

Sales by Region (in € million)

	2010	2011
Germany	845	819
Rest of Europe	125	131
Americas	40	48
Africa/Asia/Australia	49	50
	1,059	**1,048**

02 Other Operating Income

Other operating income rose from €87 million to €95 million. This item consists of income from reversals of write-downs of intangible assets of €2 million (previous year: €0 million), income from the reversal of provisions of €22 million (previous year: €18 million), foreign exchange gains on trade receivables and payables of €6 million (previous year: €3 million), income from services provided to affiliated companies of €56 million (previous year: €57 million), and other income of €8 million (previous year: €9 million).

03 Cost of Materials

The cost of materials of €243 million (previous year: €264 million) includes the acquisition cost of the goods sold.

04 Personnel Expenses

(in € million)

	2010	2011
Wages and salaries	167	171
Social security contributions and other benefits	23	24
Pension expenses	11	6
	201	**201**

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

In addition to depreciation and amortization, impairment losses of €2 million (previous year: €5 million) were recognized on property, plant, and equipment in the fiscal year.

06 Other Operating Expenses

Other operating expenses increased from €503 million to €520 million. This item consists of marketing expenses of €316 million (previous year: €322 million), maintenance costs totaling €7 million (previous year: €7 million), outgoing freight in the amount of €5 million (previous year: €6 million), foreign exchange losses on trade receivables and payables of €4 million (previous year: €5 million), write-downs on receivables of €4 million (previous year: €3 million), third-party services of €20 million (previous year: €20 million), legal and consulting costs of €35 million (previous year: €35 million), other personnel expenses of €14 million (previous year: €10 million), costs of services invoiced by affiliated companies of €46 million (previous year: €38 million), other taxes of €2 million (previous year: €2 million), and other expenses totaling €67 million (previous year: €55 million).

07 Net Income from Investments

(in € million)

	2010	2011
Income from investments (thereof from affiliated companies)	200 (199)	149 (147)
Income from profit transfer agreements	70	25
Losses on profit transfer agreements	–	–7
Losses on disposal of investments in affiliated companies and other equity investments	–	–2
	270	**165**

08 Net Interest Income/Expense

(in € million)

	2010	2011
Other interest and similar income (thereof from affiliated companies)	14 (2)	24 (3)
Interest and similar expenses (thereof to affiliated companies)	–14 (–6)	–16 (–11)
Expenses from unwinding of discounts on provisions for pensions and other long-term obligations	–20	–21
	–20	**–13**

09 Other Financial Result

(in € million)

	2010	2011
Other financial income	77	69
Other financial expenses	–92	–65
	–15	**4**

Other financial income consists of foreign exchange gains on financial items of €56 million (previous year: €76 million), gains on the disposal of near-money market retail funds of €9 million, and other financial income of €4 million (previous year: €1 million). Other financial expenses comprise foreign exchange losses on financial items of €65 million (previous year: €92 million).

10 Extraordinary Result

The extraordinary result comprises restructuring expenses of €45 million, which primarily relate to personnel expenses incurred during the realignment of the company's structures and processes. In the previous year, extraordinary expenses of €148 thousand resulted from the first-time application of the new German GAAP requirements.

11 Taxes on Income

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

Any aggregate tax liability resulting from differences between the carrying amounts in the financial statements of assets, liabilities, or items of prepaid expenses and deferred income, and their tax base that are expected to reverse in future fiscal years must be recognized as deferred tax liabilities. Any resulting aggregate tax benefit may be recognized as deferred tax assets. The amounts are measured using the company's individual tax rate of 31.6% (previous year: 31.6%).

Beiersdorf AG is the consolidated income tax group parent of various consolidated tax group subsidiaries. A consolidated income tax group exists if a consolidated tax group subsidiary within the meaning of § 14 (1) sentence 1 in conjunction with § 17 (1) sentence 1 *Körperschaftssteuergesetz* (German Corporate Income Tax, *KStG*) undertakes by way of a profit transfer agreement within the meaning of § 291 (1) *AktG* to transfer its entire profit solely to another commercial enterprise. As a result, the income of the consolidated tax group subsidiary is attributable to the entity's parent (consolidated tax group parent). Future tax liabilities or benefits resulting from temporary differences between the carrying amounts of assets and liabilities or items of prepaid expenses and deferred income in the annual financial statements of the consolidated tax group subsidiary and their corresponding tax base are therefore recognized in Beiersdorf AG's Annual Financial Statements.

Deferred tax assets were recognized for pension provisions as a result of the higher provisions recognized in the financial statements as against the tax base. Other deferred tax assets were due to certain other provisions not being recognizable for tax purposes, or to the lower values recognized. Deferred tax liabilities result from differences in the carrying amounts of fixed assets and from the reserves in accordance with § 6b *EStG*.

Overall, Beiersdorf AG expects a future tax benefit of €4 million (previous year: €2 million) from its own temporary accounting differences and those relating to companies in its consolidated tax group as of December 31, 2011. No deferred tax assets were recognized for this overall tax benefit since the option in accordance with § 274 (1) sentence 2 *HGB* was exercised. Consequently, no deferred taxes are included in the tax expense for the fiscal year.

12 Other Taxes

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

Notes to the Balance Sheet

13 Intangible Assets

(in € million)

	Purchased patents, licenses, trademarks, and similar rights and assets	Advance payments	Total
Cost			
Opening balance Jan. 1, 2011	**390**	**–**	**390**
Additions	–	–	–
Disposals	–	–	–
Transfers	–	–	–
Closing balance Dec. 31, 2011	**390**	**–**	**390**
Amortization			
Opening balance Jan. 1, 2011	**280**	**–**	**280**
Write-downs	33	–	33
Reversals of write-downs	–3	–	–3
Disposals/transfers	–	–	–
Closing balance Dec. 31, 2011	**310**	**–**	**310**
Carrying amount Dec. 31, 2011	**80**	**–**	**80**
Carrying amount Dec. 31, 2010	110	–	110

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. Internally generated intangible assets and research and development expenses are not capitalized.

Write-downs for impairment are recognized if more than temporary impairments in value are likely to occur. Write-downs are reversed up to amortized cost if the reasons for the impairment no longer apply.

14 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, 2011	**184**	**3**	**105**	**–**	**292**
Additions	1	–	6	2	9
Disposals	–	–1	–2	–	–3
Transfers	–	–	–	–	–
Closing balance Dec. 31, 2011	**185**	**2**	**109**	**2**	**298**
Depreciation					
Opening balance Jan. 1, 2011	**147**	**2**	**87**	**–**	**236**
Depreciation	5	–	7	–	12
Disposals/transfers	–	–	–2	–	–2
Closing balance Dec. 31, 2011	**152**	**2**	**92**	**–**	**246**
Carrying amount Dec. 31, 2011	**33**	**–**	**17**	**2**	**52**
Carrying amount Dec. 31, 2010	37	1	18	–	56

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. Assets acquired during the fiscal year are depreciated on a straight-line basis. In previous years, additions were generally depreciated using the declining-balance method at first, and subsequently using the straight-line method of depreciation to the extent permitted by law. The useful life of technical equipment and machinery, and office and other equipment, is generally ten years, in exceptional cases three to 15 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.

Write-downs for impairment are recognized if more than temporary impairments in value are likely to occur. Write-downs are reversed up to amortized cost if the reasons for the impairment no longer apply.

15 Financial Assets

(in € million)

	Investments in affiliated companies	Other equity investments	Other loans	Total
Cost				
Opening balance Jan. 1, 2011	**1,335**	**3**	**–**	**1,338**
Additions	91	–	–	91
Disposals	–6	–	–	–6
Transfers	–	–	–	–
Closing balance Dec. 31, 2011	**1,420**	**3**	**–**	**1,423**
Write-downs				
Opening balance Jan. 1, 2011	**36**	**–**	**–**	**36**
Write-downs/reversals of write-downs	–	–	–	–
Disposals/transfers	–3	–	–	–3
Closing balance Dec. 31, 2011	**33**	**–**	**–**	**33**
Carrying amount Dec. 31, 2011	**1,387**	**3**	**–**	**1,390**
Carrying amount Dec. 31, 2010	1,299	3	–	1,302

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 more than temporary. 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.

The additions to investments in affiliated companies relate to a capital increase at Beiersdorf CEE Holding GmbH, Austria.

16 Receivables and Other Assets

(in € million)

	2010	2011
Trade receivables	73	79
(thereof due after more than one year)	(–)	(–)
Receivables from affiliated companies	267	308
(thereof due after more than one year)	(–)	(–)
Receivables from associated companies	1	–
(thereof due after more than one year)	(–)	(–)
Other assets	22	27
(thereof due after more than one year)	(–)	(–)
	363	**414**

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

Receivables in foreign currencies and assets due within one year are translated at the closing rate on the balance sheet date. Hedged foreign currency receivables are carried at the hedge rate. There are no receivables and assets in foreign currencies due after more than one year.

Receivables from affiliated companies comprise financial receivables of €206 million (previous year: €183 million) and trade receivables of €102 million (previous year: €84 million).

In addition to a large number of individual items such as payroll receivables and advance payments, the other assets item largely comprises tax receivables.

17 Securities

As of December 31, 2011, Beiersdorf AG had invested a total of €1,347 million in government and corporate bonds, Pfandbriefe, and near-money market retail funds (previous year: €1,117 million). Investments classified as current assets are carried at cost. All bonds and Pfandbriefe are listed. €672 million (previous year: €689 million) of the securities have a remaining maturity of up to one year, and €675 million (previous year: €428 million) have a remaining maturity of between one and four years. More than 10% of the amount invested was held in a near-money market retail fund as of the balance sheet date of December 31, 2010; the sale in full of these units in the fiscal year generated gains of €9 million.

18 Equity

The following changes in equity were recorded in fiscal year 2011:

(in € million)

	Dec. 31, 2010	Utilization of 2010 net retained profits	2011 profit after tax	Dec. 31, 2011
Share capital	*252*	–	–	*252*
Own shares	*–25*	–	–	*–25*
Issued capital	227	–	–	227
Additional paid-in capital	47	–	–	47
Legal reserve	4	–	–	4
Other retained earnings	1,051	17	36	1,104
Net retained profits	176	–176	176	176
	1,505	**–159**	**212**	**1,558**

Share Capital

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

Own Shares

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

The presentation of own shares was adjusted in fiscal year 2010 in line with the revised version of § 272 (1 a) *HGB* (as amended). The notional interest in own shares (€25 million) was deducted from the share capital on the face of the balance sheet.

Authorized Capital

The Annual General Meeting on April 29, 2010, authorized the Executive Board, with the approval of the Supervisory Board, to increase the share capital in the period until April 28, 2015, by up to a total of €92 million (Authorized Capital I: €42 million; Authorized Capital II: €25 million; Authorized Capital III: €25 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 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. if the total amount of share capital attributable to the new shares for which preemptive rights are to be disapplied does not exceed 10% of the share capital existing at the time this authorization comes into effect or, in the event that this amount is lower, at the time the new shares are issued and the issue price is not materially lower than the quoted market price of the 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 have been disapplied since April 29, 2010, 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, business units of 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.

Contingent Capital

In addition, the Annual General Meeting on April 29, 2010, resolved to contingently increase the share capital by up to a total of €42 million, composed of up to 42 million no-par value bearer shares. According to the resolution by the Annual General Meeting, the contingent capital increase will be implemented only to the extent that:

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 April 28, 2015, 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 April 28, 2015, 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 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.

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

Additional Paid-in Capital

Additional paid-in capital comprises the premium arising from the issue of shares by Beiersdorf AG.

Retained Earnings

The Annual General Meeting on April 21, 2011, resolved to transfer €17 million from net retained profits for fiscal year 2010 to other retained earnings. €36 million of the profit after tax for fiscal year 2011 was transferred to other retained earnings.

19 Provisions for Pensions and Other Post-Employment Benefits

Pension provisions cover maintenance obligations to former and current employees.

Pension obligations are measured using the projected unit credit method, taking into account future wage, salary, and pension increases. The discount rate for pension commitments used was the average market interest rate calculated and published by the Deutsche Bundesbank that results from an assumed remaining maturity of 15 years. The wage and salary growth figure was 3.5% (previous year: 3.5%), the pension growth figure was 1.75% (previous year: 1.75%), and the rate of interest was 5.14% (previous year: 5.15%). Heubeck's "2005 G mortality tables" were used as a basis for calculation.

Assets that serve solely to settle liabilities from post-employment benefit obligations and that are exempt from attachment by all other creditors are offset against the provisions at their fair values. If the fair value of the assets exceeds the amount of liabilities, the excess amount is reported as an "excess of plan assets over post-employment benefit liability." The fair value of assets invested in mixed-use funds was €7 million at the balance sheet date (previous year: €5 million; cost: €7 million); the settlement amount of the offset obligations was €5 million (previous year: €5 million). Excess assets of €2 million are reported as an "excess of plan assets over post-employment benefit liability" on the assets side of the balance sheet.

20 Other Provisions

(in € million)

	Dec. 31, 2010	Dec. 31, 2011
Provisions for taxes	41	1
Miscellaneous provisions (thereof for personnel expenses) (thereof for marketing and selling expenses) (thereof for restructuring) (thereof other)	217 (55) (69) (–) (93)	272 (55) (74) (43) (100)
	258	273

Other provisions include all identifiable future payment obligations, risks, and uncertain obligations of the company. They are measured using the settlement amount dictated by prudent business judgment to fund future payment obligations. Provisions expected to be settled after more than one year are discounted at the average market interest rate for the past seven years corresponding to their remaining maturity.

Provisions for personnel expenses primarily comprise provisions for partial retirement arrangements, annual bonuses, vacation pay, severance agreements, and anniversary payments. Obligations relating to flexi-time account balances and partial retirement arrangements are offset against the corresponding dedicated assets – mixed-use funds of €6 million (previous year: €4 million) and pension liability insurance claims of €9 million (previous year: €10 million) – in this item.

The provisions for marketing and selling expenses relate in particular to cooperative advertising allowances, rebates, and returns.

The restructuring provisions are associated with the restructuring measures to optimize the company's structures and processes in the Consumer Business Segment.

The other provisions relate in particular to outstanding invoices and litigation risks.

21 Liabilities

(in € million)

	Dec. 31, 2010	Dec. 31, 2011
Liabilities to banks	–	5
Trade payables	43	52
Liabilities to affiliated companies	980	1,116
Other liabilities (thereof tax liabilities) (thereof social security liabilities)	8 (3) (4)	7 (4) (3)
	1,031	1,180

Liabilities are recognized at their settlement amount at the balance sheet date.

Liabilities in foreign currencies due within one year are translated at the closing rates on the balance sheet date. Non-current foreign currency liabilities are recognized at the closing rate on the balance sheet date or at the higher rate at the transaction date. Hedged foreign currency liabilities are carried at the hedge rate. There are no liabilities in foreign currencies due after more than one year.

Liabilities to affiliated companies comprise financial liabilities of €1,075 million (previous year: €956 million) and trade liabilities of €41 million (previous year: €24 million).

Of the other liabilities, €3 million (previous year: €4 million) is due in more than one year (of which €1 million is due in more than five years; previous year: €1 million). The liabilities are not collateralized.

Other Disclosures

22 Contingent Liabilities and Other Financial Obligations

(in € million)

	Dec. 31, 2010	Dec. 31, 2011
Contingent liabilities		
Obligations under guarantees and letters of comfort (thereof for affiliated companies)	18 (18)	11 (11)
Other financial obligations		
Obligations under rental agreements and leases	8	8
Obligations under purchase commitments for investments	1	2
	9	**10**

Obligations from rental agreements and leases are reported at the total amount due until the earliest termination deadline.

23 Derivative Financial Instruments

Beiersdorf AG's Corporate Treasury department is responsible for central currency and interest rate management within the Beiersdorf Group, and hence for all transactions involving financial derivatives. Derivative financial instruments are used to hedge the 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 €1,577 million (previous year: €1,315 million). Of this amount, €1,564 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 netted.

The fair value of the currency forwards at the balance sheet date was €9 million (previous year: €4 million). The fair value is calculated by measuring the outstanding items at market prices 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 so that these are not reported in the financial statements.

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.

24 Employees by Function

Average Number During the Year

	2010	2011
Research and development	460	485
Supply chain	459	439
Sales and marketing	446	434
Other functions	571	566
	1,936	**1,924**

The average number of vocational training positions and trainees, which are not included in employee figures, was 330 (previous year: 344).

25 Disclosures on the Supervisory and Executive Boards

For fiscal year 2011, the members of the Supervisory Board received remuneration totaling €1,393 thousand (previous year: €1,390 thousand) and the Executive Board remuneration totaling €6,018 thousand (previous year: €4,466 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 Report, starting on —— PAGE 12. The Remuneration Report forms part of the Annual Financial Statements and the Management Report. Payments to former members of the Executive Board and their dependents totaled €2,394 thousand (previous year: €2,274 thousand). Provisions for pension commitments to former members of the Executive Board and their dependents totaled €26,256 thousand (previous year: €23,600 thousand).

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

26 Auditors' Fees

The Annual General Meeting on April 21, 2011, elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditors for fiscal year 2011. The total fees invoiced by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft for the fiscal year are contained in the relevant notes to the consolidated financial statements.

27 List of Shareholdings

The following list shows those companies/equity interests in which Beiersdorf AG holds 5% or more of the shares and/or voting rights. The list does not include companies/equity interests that are of no more than minor significance for the presentation of Beiersdorf AG's net assets, financial position, and results of operations.

Beiersdorf AG's Shareholdings

Germany

Name of the company	Registered office	Equity interest (in %)	Currency	Share capital (in local currency)	Equity as of Dec. 31, 2011 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2011 (in accordance with IFRSs) in € thousand
Allgemeine Immobilien- und Verwaltungsgesellschaft m.b.H.[1]	Baden-Baden	100.00	EUR	2,050,000	2,614	–
La Prairie Group Deutschland GmbH[1]	Baden-Baden	100.00	EUR	1,300,000	3,901	–
Produits de Beauté Logistik GmbH[1] (formerly Juvena La Prairie GmbH)	Baden-Baden	100.00	EUR	10,500,000	33,625	–
Produits de Beauté Produktions GmbH[1] (formerly Juvena Produits de Beauté GmbH)	Baden-Baden	100.00	EUR	8,500,000	13,867	–
Beiersdorf Manufacturing Berlin GmbH	Berlin	100.00	EUR	1,023,000	6,606	–6,289
Beiersdorf Beteiligungs GmbH	Gallin	100.00	EUR	50,000	360,956	31,650
GUHL IKEBANA GmbH	Griesheim	10.00	EUR	5,112,919	53,100	11,683
Beiersdorf Customer Supply GmbH	Hamburg	100.00	EUR	1,000,000	69,158	10,962
Beiersdorf Hautpflege GmbH[2] (formerly Nivea Haus GmbH)	Hamburg	100.00	EUR	25,000	2,002	12
Beiersdorf Manufacturing Hamburg GmbH[1]	Hamburg	100.00	EUR	1,000,000	25,683	–
Beiersdorf Shared Services GmbH[1]	Hamburg	100.00	EUR	12,000,000	30,602	–
IKEBANA-Kosmetik GmbH[2]	Hamburg	100.00	EUR	25,565	34	–
NOIMMO Erste Projekt GmbH & Co. KG	Hamburg	100.00	EUR	355,800	82	–274
Phanex Handelsgesellschaft mbH[1]	Hamburg	100.00	EUR	25,565	28	–
PROVISTA Achthundertdreiundvierzigste Verwaltungsgesellschaft mbH	Hamburg	100.00	EUR	25,000	25	–3
Tape International GmbH[1]	Hamburg	100.00	EUR	26,000	26	–
Tesa Converting Center GmbH[1]	Hamburg	100.00	EUR	1,000,000	3,922	–
tesa Grundstücksverwaltungsges. mbH & Co KG	Hamburg	100.00	EUR	50,000	12,900	–146
tesa SE	Hamburg	100.00	EUR	25,800,000	315,023	52,788
tesa Werk Hamburg GmbH[1]	Hamburg	100.00	EUR	1,000,000	33,395	–
TRADICA Pharmazeutische GmbH[2]	Hamburg	100.00	EUR	25,565	53	–
tWH GmbH[1]	Hamburg	100.00	EUR	50,000	3,330	–
Ultra Kosmetik GmbH[2]	Hamburg	100.00	EUR	25,565	68	8
tesa scribos GmbH[1]	Heidelberg	100.00	EUR	2,000,000	2,093	–
Labtec Gesellschaft für technologische Forschung und Entwicklung mbH	Langenfeld	100.00	EUR	55,000	653	548
tesa-Werke Offenburg GmbH[1]	Offenburg	100.00	EUR	3,100,000	18,106	–
tesa Etikettendruckerei GmbH[1]	Stuttgart	100.00	EUR	26,000	167	–
Beiersdorf Manufacturing Waldheim GmbH[2]	Waldheim	100.00	EUR	25,600	12	–3
Florena Cosmetic GmbH[1]	Waldheim	100.00	EUR	2,045,000	13,477	–

Europe

Name of the company	Registered office	Equity interest (in %)	Currency	Share capital (in local currency)	Equity as of Dec. 31, 2011 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2011 (in accordance with IFRSs) in € thousand
BEIERSDORF FINANCE SCS	BE, Brussels	100.00	EUR	100,000,000	106,634	1,180
SA Beiersdorf NV	BE, Brussels	100.00	EUR	4,958,000	19,670	6,872
SA tesa	BE, Brussels	100.00	EUR	1,861,000	2,337	271
Beiersdorf Bulgaria EOOD	BG, Sofia	100.00	BGL	1,500,000	2,119	901
tesa A/S	DK, Birkerød	100.00	DKK	30,000,000	4,800	672
Beiersdorf A/S	DK, Copenhagen	100.00	DKK	10,000,000	3,014	1,659
Beiersdorf OÜ	EE, Tallinn	100.00	EEK	3,000	1,847	339
Beiersdorf Oy	FI, Kaarina	100.00	EUR	2,020,000	8,925	4,329
tesa Oy	FI, Turku	100.00	EUR	20,000	275	53
La Prairie Group France S.A.S. (formerly SODICOS S.A.S.)	FR, Boulogne-Billancourt	100.00	EUR	40,000	5,385	1,066
Beiersdorf Holding France Sarl	FR, Paris	100.00	EUR	39,815,000	94,326	16,659
Beiersdorf s.a.s.	FR, Paris	99.89	EUR	26,705,000	51,124	7,873
tesa s.a.s	FR, Savigny-le-Temple	100.00	EUR	250,000	1,695	182
Beiersdorf Hellas AE	GR, Gerakas	100.00	EUR	13,133,000	23,818	2,989
tesa tape AE	GR, Gerakas	100.00	EUR	69,000	784	189
BDF Medical Ltd.	GB, Birmingham	100.00	GBP	5,000	–	–
Beiersdorf UK Ltd.	GB, Birmingham	100.00	GBP	12,000,000	31,159	10,121
La Prairie (UK) Limited	GB, London	100.00	GBP	500,000	597	–
tesa UK Ltd.	GB, Milton Keynes	100.00	GBP	2,300,000	4,917	525
Beiersdorf Ireland Ltd.	IRL, Dublin	100.00	EUR	2	1,772	776
Beiersdorf ehf	IS, Reykjavik	100.00	ISK	500,000	709	456
Comet SpA	IT, Concagno Solbiate	100.00	EUR	7,500,000	16,752	1,275
Beiersdorf SpA	IT, Milan	100.00	EUR	25,800,000	56,552	15,377
La Prairie S.p.A.	IT, Milan	100.00	EUR	774,000	6,323	890
tesa SpA	IT, Vimodrone	100.00	EUR	250,000	3,650	498
Beiersdorf d.o.o.	HR, Zagreb	100.00	HRD	10,827,000	5,732	3,701
SIA Beiersdorf	LV, Riga	100.00	LVL	200,000	–883	241
Beiersdorf UAB	LT, Vilnius	100.00	LTL	10,000	1,503	410
Beiersdorf Macedonia DOOEL	MK, Skopje	100.00	MKD	153,000	674	653
Guhl Ikebana Cosmetics B.V.	NL, Amsterdam	10.00	EUR	226,890	20,851	587
Beiersdorf Holding B.V.	NL, Baarn	100.00	EUR	45,000	403,459	54,667
Beiersdorf NV	NL, Baarn	100.00	EUR	13,650,000	30,396	15,890
tesa BV	NL, Hilversum	100.00	EUR	18,000	576	195
Beiersdorf AS	NO, Oslo	100.00	NOK	6,800,000	1,294	–274
tesa AS	NO, Oslo	100.00	NOK	1,200,000	266	103
Beiersdorf CEE Holding GmbH	AT, Vienna	100.00	EUR	700,000	83,736	–55,849
Beiersdorf Ges mbH	AT, Vienna	100.00	EUR	14,535,000	29,086	6,564
La Prairie Group Austria GmbH (formerly Juvena Produits de Beauté GmbH)	AT, Vienna	100.00	EUR	300,000	322	211
tesa GmbH	AT, Vienna	100.00	EUR	35,000	769	499
Beiersdorf Manufacturing Poznan Sp. z.o.o.	PL, Poznán	100.00	PLN	40,000,000	21,181	5,548
NIVEA Polska sp. z o.o.	PL, Poznán	100.00	PLN	4,654,000	35,242	17,985
tesa tape Sp. z.o.o.	PL, Poznán	100.00	PLN	4,400,000	1,838	893
Beiersdorf Portuguesa, Limitada	PT, Queluz	100.00	EUR	4,788,000	15,217	5,666
tesa Portugal – Produtos Adhesivos, Lda.	PT, Queluz	100.00	EUR	500,000	942	293

Europe (continued)

Name of the company	Registered office	Equity interest (in %)	Currency	Share capital (in local currency)	Equity as of Dec. 31, 2011 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2011 (in accordance with IFRSs) in € thousand
Beiersdorf Romania SRL	RO, Bucharest	100.00	ROL	1,564,000	1,640	332
tesa tape SRL	RO, Cluj-Napoca	100.00	ROL	1,502,000	939	460
Beiersdorf LLC	RU, Moscow	100.00	RUR	100,000,000	26,989	10,800
tesa tape OOO	RU, Moscow	100.00	RUR	32,585,000	2,523	1,387
Beiersdorf Aktiebolag	SE, Gothenburg	100.00	SEK	30,000,000	13,085	6,989
Beiersdorf Nordic Holding AB	SE, Gothenburg	100.00	SEK	100,000	146,623	11,562
tesa AB	SE, Kungsbacka	100.00	SEK	5,000,000	805	200
tesa Bandfix AG	CH, Bergdietikon	100.00	CHF	4,000,000	13,628	–3,047
tesa tape Schweiz AG	CH, Bergdietikon	100.00	CHF	100,000	5,256	3,971
Beiersdorf AG	CH, Reinach	100.00	CHF	1,000,000	45,880	26,790
La Prairie Group AG (formerly Juvena (International GmbH))	CH, Volketswil	100.00	CHF	46,600,000	93,564	32,716
Laboratoires La Prairie AG	CH, Volketswil	100.00	CHF	400,000	22,629	4,527
Beiersdorf d.o.o. Beograd	RS, Belgrade	100.00	CSD	8,014,000	6,150	4,442
Beiersdorf Slovakia, s.r.o.	SK, Bratislava	100.00	EUR	200,000	3,925	2,355
Beiersdorf d.o.o.	SI, Ljubljana	100.00	EUR	500,000	107,888	5,009
tesa tape posrednistvo in trgovina d.o.o.	SI, Ljubljana	100.00	EUR	417,000	737	167
Beiersdorf Manufacturing Argentona, S.L.	ES, Argentona	100.00	EUR	8,105,000	17,816	2,692
tesa tape, S.A.	ES, Argentona	100.00	EUR	1,000,000	2,533	525
La Prairie Group Iberia S.A.U. (formerlyProduits de Beauté Juvena S.A.)	ES, Madrid	100.00	EUR	903,000	1,924	–938
Beiersdorf Holding SL	ES, Tres Cantos	100.00	EUR	17,184,000	222,936	25,531
Beiersdorf Manufacturing Tres Cantos SL	ES, Tres Cantos	100.00	EUR	8,680,000	32,714	3,028
Beiersdorf SA	ES, Tres Cantos	100.00	EUR	5,770,000	20,103	–817
Beiersdorf spol. s r.o.	CZ, Prague	100.00	CZK	50,000,000	6,965	4,418
tesa tape s.r.o.	CZ, Prague	100.00	CZK	151,203,000	4,490	850
EBC Eczacibasi-Beiersdorf Kozmetik Ürünler Sanayi ve Ticaret A.S.	TR, Istanbul	50.00	NC	400,000	3,067	1,418
tesa Bant Sanayi ve Ticaret A.S.	TR, Istanbul	100.00	NC	106,000	5,051	1,702
Beiersdorf Ukraine LLC	UA, Kiev	100.00	UAH	8,012,000	1,111	518
Beiersdorf Kft.	HU, Budapest	100.00	HUF	320,000,000	5,034	805
Tartsay Beruházó Kft.	HU, Budapest	99.66	HUF	146,000,000	1,896	207
tesa tape Ragasztószalag Termelö ès Kereskedelmi Kft.	HU, Budapest	100.00	HUF	500,000,000	2,560	1,063

Americas

Name of the company	Registered office	Equity interest (in %)	Currency	Share capital (in local currency)	Equity as of Dec. 31, 2011 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2011 (in accordance with IFRSs) in € thousand
Beiersdorf S.A.	AR, Buenos Aires	100.00	ARS	15,988,000	8,027	1,464
tesa tape Argentina S.R.L.	AR, Buenos Aires	99.75	ARS	999,000	886	230
Beiersdorf S.R.L.	BO, Santa Cruz de la Sierra	100.00	BOB	2,050,000	1,820	420
tesa Brasil Limitada	BR, Curitiba	100.00	BRL	3,871,000	4,216	1,038
Beiersdorf Industria e Comercio Ltda.	BR, Itatiba	100.00	BRL	103,009,000	32,151	5,334
BDF NIVEA LTDA.	BR, São Paulo	100.00	BRL	133,482,000	47,762	6,984
Beiersdorf China Ltd.	VG, Tortola	100.00	USD	279,698,000	216,222	–21
Beiersdorf S.A.	CL, Santiago de Chile	100.00	CLP	5,278,910,000	31,166	6,690
tesa tape Chile SA	CL, Santiago de Chile	100.00	CLP	381,388,000	1,236	286
BDF Costa Rica,S.A.	CR, San José	100.00	CRC	2,000,000	3,968	1,486
Beiersdorf, SRL	DO, Santo Domingo	100.00	DOP	1,000,000	1,355	353
Beiersdorf S.A.	EC, Quito	100.00	USD	1,783,000	3,602	1,446
BDF El Salvador, S.A. de C.V.	SV, San Salvador	100.00	USD	23,000	1,078	589
BDF Centroamérica, S.A.	GT, Guatemala City	100.00	GTQ	1,000,000	2,986	1,847
tesa tape Centro America S.A.	GT, Guatemala City	100.00	GTQ	9,929,000	834	134
Beiersdorf Canada Inc.	CA, Saint-Laurent	100.00	CAD	15,301,000	4,349	–682
Beiersdorf S.A.	CO, Bogotá	100.00	COP	8,598,996,000	12,225	825
tesa Tape Colombia Ltda	CO, Santiago de Cali	100.00	COP	2,808,778,000	4,974	1,671
BDF Corporativo, S.A. de C.V.	MX, Mexico City	100.00	MXN	5,050,000	645	–
BDF México, S.A. de C.V.	MX, Mexico City	100.00	MXN	157,290,000	21,943	724
Technical Tape Mexico SA de CV	MX, Mexico City	100.00	MXN	43,040,000	2,700	586
tesa tape Mexico SRL de CV[1]	MX, Mexico City	100.00	MXN	3,000	28	–
BDF Panamá S.A.	PA, Panamá City	100.00	USD	150,000	2,046	966
HUB LIMITED S.A.[2]	PA, Panamá City	100.00	USD	10,000	8	–
Beiersdorf S.A.	PY, Asunción	100.00	PYG	3,195,000,000	2,339	1,061
Beiersdorf S.A.C.	PE, Lima	99.81	PEN	6,412,000	3,301	972
Beiersdorf S.A.	UY, Montevideo	100.00	UYU	7,541,000	2,011	583
Beiersdorf S.A.	VE, Caracas	100.00	VEB	1,564,000	14,678	4,227
tesa tape inc.	US, Charlotte, NC	100.00	USD	122,000,000	32,183	8,281
LaPrairie.com LLC	US, Edison, NJ	100.00	USD	–	–	–
La Prairie, Inc.	US, New York City, NY	100.00	USD	14,288,000	10,550	1,786
Beiersdorf, Inc.	US, Wilton, CT	100.00	USD	162,142,000	54,204	2,494
Beiersdorf North America Inc.	US, Wilton, CT	100.00	USD	125,170,000	124,811	2,739

Africa/Asia/Australia

Name of the company	Registered office	Equity interest (in %)	Currency	Share capital (in local currency)	Equity as of Dec. 31, 2011 (in accordance with IFRSs) in € thousand	Profit/loss for fiscal year 2011 (in accordance with IFRSs) in € thousand
Beiersdorf Australia Ltd	AU, North Ryde, NSW	100.00	AUD	2,500,000	22,775	6,156
La Prairie Group Australia Pty. Ltd.	AU, North Ryde, NSW	100.00	AUD	4,000,000	3,506	144
tesa tape Australia Pty. Ltd.	AU, Sydney, NSW	100.00	AUD	3,100,000	5,232	1,883
Beiersdorf Daily Chemical (Guangzhou) Co., Ltd. (formerly Guangzhou C-BONS Chemical Commodity Co. Ltd.)	CN, Guangzhou	100.00	CNY	20,000,000	7,251	405
tesa tape (Hong Kong) Ltd.	CN, Hong Kong	100.00	HKD	100,000	9,040	4,102
La Prairie (Shanghai) Co. Ltd.	CN, Shanghai	100.00	USD	5,000,000	3,358	1,513
NIVEA (Shanghai) Company Limited	CN, Shanghai	100.00	CNY	1,162,907,000	12,348	–49,008
tesa (Shanghai) Trading Co. Ltd.	CN, Shanghai	100.00	CNY	1,655,000	34,666	14,741
tesa tape (Shanghai) Co., Ltd.	CN, Shanghai	100.00	CNY	6,622,000	3,690	445
tesa Plant Suzhou Co. Ltd.	CN, Suzhou	100.00	CNY	98,606,000	13,508	2,962
Beiersdorf Daily Chemical (Wuhan) Co., Ltd. (formerly C-BONS Cosmetics Chemical (Wuhan) Co. Ltd.)	CN, Wuhan	100.00	CNY	82,800,000	23,677	2,527
Beiersdorf Daily Chemical (Hubei) Co., Ltd. (formerly Hubei C-BONS Daily Chemical Co., Ltd.)	CN, Xiantao	100.00	CNY	1,799,000,000	2,278	–47,725
Beiersdorf India Pvt. Ltd.	IN, Mumbai	51.00	INR	5,000,000	3,482	1,489
Nivea India Pvt. Ltd.	IN, Mumbai	100.00	INR	1,602,150,000	1,017	–1,894
tesa Tapes (India) Private Limited	IN, Navi Mumbai	100.00	INR	126,814,000	4,218	419
P.T. Beiersdorf Indonesia	ID, Jakarta	80.00	IDR	5,197,498,000	6,863	1,384
Beiersdorf Holding Japan Yugen Kaisha	JP, Tokyo	100.00	JPY	3,250,000	119,184	10,991
La Prairie Japan K.K.	JP, Tokyo	100.00	JPY	100,000,000	–38	–1,033
Nivea-Kao Co., Ltd.	JP, Tokyo	60.00	JPY	200,000,000	26,218	19,242
tesa tape K.K.	JP, Tokyo	100.00	JPY	300,000,000	6,771	57
Beiersdorf East Africa Limited	KE, Nairobi	100.00	KES	123,696,000	2,856	249
La Prairie Korea Ltd	KR, Seoul	100.00	KRW	100,000,000	5,254	4,164
NIVEA Seoul Ltd.	KR, Seoul	100.00	KRW	12,500,000,000	2,166	–162
tesa tape Korea Ltd.	KR, Seoul	100.00	KRW	410,000,000	5,093	4,264
tesa tape (Malaysia) Sdn. Bhd.	MY, Kajang	100.00	MYR	36,000,000	4,082	577
tesa tape Industries (Malaysia) Sdn. Bhd.	MY, Kajang	99.99	MYR	25,000	1,181	272
Beiersdorf (Malaysia) SDN. BHD.	MY, Petaling Jaya	100.00	MYR	8,536,000	–6,679	–6,584
Medical-Latex (DUA) SDN. BHD.	MY, Senai	100.00	MYR	7,500,000	3,156	–506
Beiersdorf S.A.	MA, Casablanca	100.00	MAD	13,800,000	2,943	402
tesa tape New Zealand Ltd.	NZ, Auckland	100.00	NZD	1,127,000	113	200
Beiersdorf Singapore Pte Limited	SG, Singapore	100.00	SGD	2,200,000	–12,369	–9,264
Singapore Plastic Products Pte. Ltd.	SG, Singapore	100.00	SGD	7,000,000	5,557	–
tesa Plant (Singapore) Pte. Ltd.	SG, Singapore	100.00	SGD	5,500,000	4,158	791
tesa tape Asia Pacific Pte. Ltd.	SG, Singapore	100.00	SGD	10,000,000	10,949	19,851
Beiersdorf Consumer Products (Pty.) Ltd.	SA, Westville	100.00	ZAR	–	16,292	7,474
NIVEA (Taiwan) Ltd.	TW, Taipei	100.00	TWD	225,300,000	–138	–137
Beiersdorf (Thailand) Co., Ltd.	TH, Bangkok	100.00	THB	100,000,000	47,421	18,745
tesa tape (Thailand) Limited	TH, Bangkok	90.1	THB	4,000,000	731	423
Beiersdorf Middle East FZCO	AE, Dubai	100.00	AED	25,000,000	23,417	14,349
Beiersdorf Vietnam LLC	VN, Ho Chi Minh City	100.00	VND	9,750,000,000	526	294

[1] Since these companies have entered into a profit and loss transfer agreement, the accounting profit is presented after the transfer of profit and loss.
[2] No financial statements for 2011 are available yet for these companies; the data therefore refers to 2010.

28 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 7, 2012):

1.

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 below 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 attributed 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 Grundstücksverwaltungs-gesellschaft 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 Vermögensverwaltungs-gesellschaft 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 *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 buy-back 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).

2. 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 *AktG*.

29 Declaration of Compliance with the German Corporate Governance Code

In December 2011, Beiersdorf AG's Executive Board and Supervisory Board issued their Declaration of Compliance with the recommendations of the Government Commission on the German Corporate Governance Code for fiscal year 2011 in accordance with § 161 *AktG*.
The Declaration of Compliance was made permanently accessible to shareholders on the company's website at WWW.BEIERSDORF.COM/ DECLARATION_OF_COMPLIANCE.

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

(in €)

	2011
Profit after tax of Beiersdorf AG	211,691,552.27
Transfer to other retained earnings	–35,291,552.27
Net retained profits	**176,400,000.00**

The Executive Board and Supervisory Board will propose to the Annual General Meeting that the net retained profits for fiscal year 2011 of €176,400,000.00 should be utilized as follows:

(in €)

	2011
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	17,626,711.20
Net retained profits	**176,400,000.00**

The amounts specified for the total dividend and for the transfer to other retained earnings reflect 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 *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 – Wanzl GmbH & Co. Holding KG Member of the Supervisory Board: – Tchibo GmbH
Thorsten Irtz Deputy Chairman	Stapelfeld	Chairman of the Works Council of Beiersdorf AG	
Thomas Holzgreve Deputy Chairman	Bad Oldesloe	Member of the Executive Board of maxingvest ag	Member of the Supervisory Board: – Tchibo GmbH
Colin Day (from July 6 to September 6, 2011)	Beaconsfield/ United Kingdom	CEO, Filtrona Group plc	
Dr. Walter Diembeck	Hamburg	Research biochemist, Beiersdorf AG	
Beatrice Dreyfus (from April 20, 2011)	Frankfurt/ Main	Managing Director, Novum Capital Beratungsgesellschaft bmH	
Prof. Dr. Eva Eberhartinger	Vienna/ Austria	Professor , Vienna University of Economics and Business, Vienna, Austria	
Elke Gabriel	Rosengarten	Member of the Works Council of Beiersdorf AG	
Michael Herz	Hamburg	Member of the Executive Board of maxingvest ag	Chairman of the Supervisory Board: – Tchibo GmbH Member of the Supervisory Board: – tesa SE (intragroup)
Dr. Rolf Kunisch (until April 19, 2011)	Überlingen	Former Chairman of the Executive Board of Beiersdorf AG	Member of the Supervisory Board: – maxingvest ag (until March 25, 2011)
Tomas Nieber	Stade	Head of Department – Economic and Industry Policy, Industriegewerkschaft Bergbau, Chemie, Energie	Member of the Supervisory Board: – Evonik Degussa GmbH (until September 29, 2011) – maxingvest ag Member of the Advisory Board: – QFC Qualifizierungsförderwerk Chemie GmbH
Michel Perraudin (from September 21, 2011)	Nuremberg	Freelance management consultant	Chairman of the Supervisory Board: – ODLO Sports Holding AG, Switzerland – Masai Marketing & Trading AG, Switzerland Member of the Supervisory Board: – Tecnica Group S.p.A., Italy Member of the Advisory Board: – Friedrich-W. Dauphin GmbH & Co. KG
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
Volker Schopnie	Halstenbek	Deputy Chairman of the Works Council of Beiersdorf AG	Member of the Supervisory Board: – maxingvest ag
Thomas Siemsen (until April 21, 2011)	Hamburg	Tax advisor/SES Siemsen Eder Steuerberatungsgesellschaft mbH	

Supervisory Board Committees

Members of the Executive Committee	Members of the Audit Committee	Members of the Finance Committee	Members of the Nomination Committee	Members of the Mediation Committee
– **Prof. Dr. Reinhard Pöllath** (Chairman)	– **Prof. Dr. Eva Eberhartinger** (Chairwoman)	– **Thomas Holzgreve** (Chairman)	– **Prof. Dr. Reinhard Pöllath** (Chairman)	– **Prof. Dr. Reinhard Pöllath** (Chairman)
– **Michael Herz**	– **Dr. Walter Diembeck**	– **Dr. Walter Diembeck**	– **Beatrice Dreyfus** (from April 21, 2011)	– **Elke Gabriel**
– **Thomas Holzgreve**	– **Thomas Holzgreve**	– **Prof. Dr. Eva Eberhartinger**	– **Prof. Dr. Eva Eberhartinger**	– **Thomas Holzgreve**
– **Thorsten Irtz**	– **Prof. Dr. Reinhard Pöllath**	– **Prof. Dr. Reinhard Pöllath**	– **Thomas Holzgreve**	– **Thorsten Irtz**
	– **Volker Schopnie**	– **Volker Schopnie**	– **Dr. Rolf Kunisch** (until April 19, 2011)	

Executive Board*

Name	Function/Responsibilities		Memberships
Thomas-B. Quaas (until the end of the Annual General Meeting on April 26, 2012)	Chairman/CEO	Corporate Development/ Corporate Communications/ Internal Audit Japan, La Prairie Group	Chairman of the Supervisory Board: – tesa SE (intragroup) (until April 20, 2011) Member of the Supervisory Board: – Euler Hermes SA, France
Dr. Bernhard Düttmann (until February 9, 2011)	Finance/CFO	Finance/Controlling/Legal/IT Africa, Middle East, Turkey	Member of the Supervisory Board: – tesa SE (intragroup) (until February 9, 2011)
Peter Feld	Developed Markets	Europe/North America Regions	
Ralph Gusko (from July 1, 2011)	Brands & Supply Chain	Brand Management/Innovations/ Research & Development/ Sales Coordination/Procurement/ Production/Logistics	
Stefan F. Heidenreich (from January 1, 2012)	Chairman/CEO (from April 26, 2012, after the end of the Annual General Meeting)	Corporate Development/ Corporate Communications/ Internal Audit Japan, La Prairie Group	
Markus Pinger (until June 30, 2011)	Brands & Supply Chain	Brand Management/Innovations/ Research & Development/ Sales Coordination/Procurement/ Production/Logistics	
Dr. Ulrich Schmidt	Finance & Human Resources/CFO & CHRO	Finance/Controlling/Legal/IT/ Human Resources Labor Director	Chairman of the Supervisory Board: – tesa SE (intragroup) (from April 20, 2011)
Ümit Subaşi (from March 1, 2011)	Emerging Markets	Latin America, Africa, Middle East, India, Turkey, Russia/Ukraine/CIS	
James C. Wei (until December 31, 2011)	Asia	Northeast and Southeast Asia (excluding Japan), Australia	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 7, 2012

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, 2011. 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, together with the bookkeeping system, 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 Wirtschaftsprufer* (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 8, 2012

**Ernst & Young GmbH,
Wirtschaftsprüfungsgesellschaft**

Opaschowski	**Landsberg**
German Public Auditor	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 material opportunities and risks associated with the expected development of the company.

Hamburg, February 7, 2012
The Executive Board

BDF ●●●●
Beiersdorf

Financial Calendar

2012

2012
April 26
Annual General Meeting

2012
April 27
Dividend Payment

2012
May 3
Interim Report
January to March 2012

2012
August 2
Interim Report
January to June 2012

2012
November 1
Interim Report
January to September 2012,
Financial Analyst Meeting

2013

2013
January
Publication of
Preliminary Group Results

2013
Feb./March
Publication of Annual Report 2012,
Annual Accounts Press Conference,
Financial Analyst Meeting

Contact Information

→ Published by

Beiersdorf Aktiengesellschaft
Unnastrasse 48
20245 Hamburg
Germany

→ Editorial Team and Concept

Corporate Communications
Telephone: +49 40 4909-2001
E-mail: CorporateCommunications@Beiersdorf.com

→ Additional Information

Corporate Communications
Telephone: +49 40 4909-2001
E-mail: CorporateCommunications@Beiersdorf.com

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

Beiersdorf on the Internet
www.Beiersdorf.com

→ Note

The Annual Financial Statements and Management Report of Beiersdorf AG is also available in German.

The online version of the Annual Financial Statements and Management Report of Beiersdorf AG is available at **www.Beiersdorf.com/Annual_Report**.