



Annual Report 2009

Focused on Our Strengths

BDF ●●●●

Beiersdorf

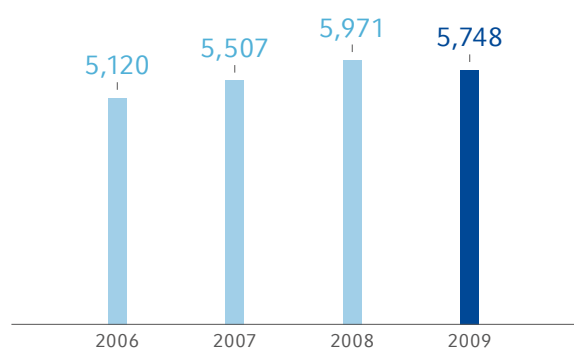
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Beiersdorf at a Glance

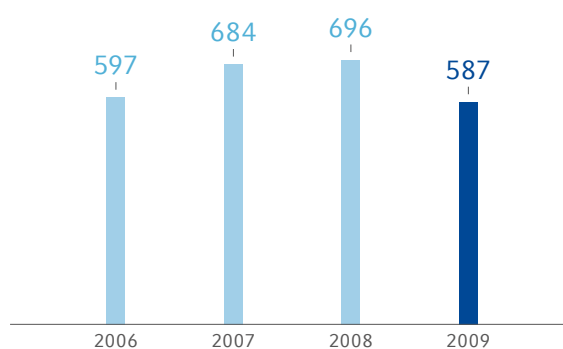
Key Figures

		2008	2009
Group sales	(in € million)	5,971	5,748
Change (organic)	(in %)	7.5	-0.7
Consumer sales	(in € million)	5,125	5,011
Change (organic)	(in %)	8.6	1.2
tesa sales	(in € million)	846	737
Change (organic)	(in %)	1.3	-12.2
Operating result (EBIT, excluding special factors)	(in € million)	696	587
Operating result (EBIT)	(in € million)	797	587
Profit after tax	(in € million)	567	380
Return on sales after tax	(in %)	9.5	6.6
Earnings per share	(in €)	2.48	1.65
Total dividend	(in € million)	204	159
Dividend per share	(in €)	0.90	0.70
Gross cash flow	(in € million)	520	507
Capital expenditure (including non-current investments)	(in € million)	161	125
Research and development expenses	(in € million)	149	149
Employees	(number as of December 31)	21,766	20,346

GROUP SALES // IN € MILLION



OPERATING RESULT // IN € MILLION EBIT, EXCLUDING SPECIAL FACTORS

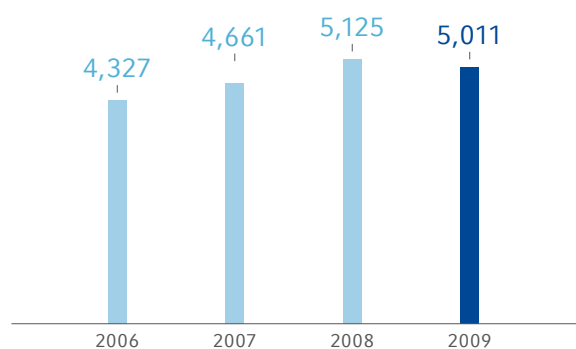


Business Segments

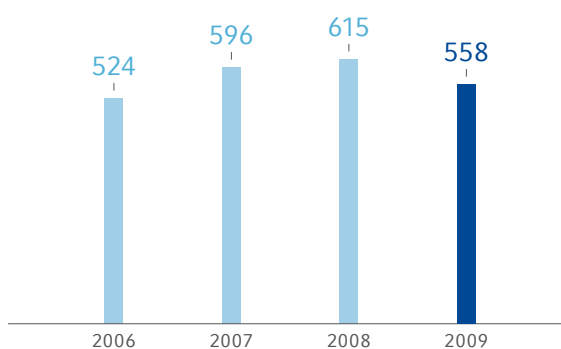
Consumer Business Segment

With our global brands such as NIVEA, Eucerin, and La Prairie plus other strong regional brands, we are one of the leading international companies for skin and beauty care. Our products comply with the highest standards of quality and innovative strength, offer tangible benefits, and meet the needs of our consumers. Our global orientation on consumers strengthens the trust in and appeal of our brands, reinforcing Beiersdorf's competitive position worldwide.

CONSUMER SALES // IN € MILLION



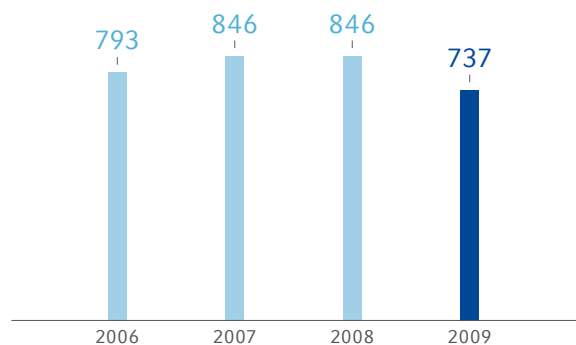
CONSUMER OPERATING RESULT // IN € MILLION EBIT, EXCLUDING SPECIAL FACTORS



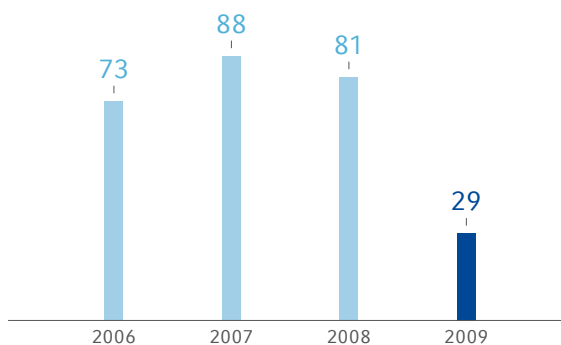
tesa Business Segment

tesa develops, manufactures, and markets self-adhesive system and product solutions for industry, craft businesses, and consumers. We are among the international leaders in many areas within this segment thanks to our reliable quality, strong track record for innovation, and use of superior technology. Our activities are focused on the customers for whom tesa develops and offers effective solutions.

TESA SALES // IN € MILLION



TESA OPERATING RESULT // IN € MILLION EBIT



Strong Brands

The Beiersdorf Brand World



— 01

NIVEA

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

— 02

NIVEA FOR MEN

Innovative products for men's care.

— 03

Eucerin

One of the leading medical skin care brands.

— 04

La Prairie

Our brand for exclusive anti-aging skin care.

— 05

SBT

Skin Biology Therapy for demanding skin.

— 06

SLEK

One of China's largest hair care brands.

— 07

Florena

Uncomplicated skin care with natural ingredients.

— 08

Labello

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

— 09

8x4

Highly effective deodorants with a long-lasting effect.

— 10

Hansaplast

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

— 11

tesa

Manufacturer of self-adhesive product and system solutions.



Our Strengths. Our Profile.

Strong brands in diversified segments – this is what Beiersdorf stands for. tesa is one of the world's leading manufacturers of self-adhesive system and product solutions. Our Consumer business segment, which we feature in the following, makes us one of the leading international companies for skin and beauty care. Our global presence in this segment is based on the skin and beauty care brand NIVEA, the dermatological cosmetics brand Eucerin, and premium brand La Prairie. We focus on superior consumer orientation, outstanding research and development, supply chain excellence, and attractive retail concepts. This is our strength and at the same time essential for our success. In the following pages these four segments are represented by four of our employees. Employees whose dedication helps drive our company forward every day, and who focus on our strengths.



IN FOCUS: OUR CONSUMERS.

We Focus on Your Wishes
and Needs.



KATRIN KASKE · CONSUMER CONNECTIVITY UNIT

We understand what motivates people and specifically meet their needs. One of the people contributing to this is Katrin Kaske. She keeps track of our consumers' wishes. By speaking with them and taking a look at their world she generates important insights that are used to develop new products. Her direct contact with our consumers allows her to discover today what our target groups will want tomorrow. The consumers' satisfaction is both rewarding and motivating to her.

Global Consumer Closeness:

At the Heart of our Consumer Business Strategy.

Our consistent global consumer orientation is the basis for our sustained success. This is why Beiersdorf employees such as Katrin Kaske collect "Consumer Insights" worldwide. They describe what consumers think and feel, and what expectations they have for modern skin and beauty care. The results are used to develop concrete ideas and concepts for the innovation process. "Consumer Connectivity" is the name for our principle of consistently focusing on the consumer. Our goal: We aim to offer consumers customized products and to find the right communication by developing a comprehensive understanding of their wishes and needs, as well as their living habits and personal care routines. While at the same time systematically expanding the positions of our strong brands.

Strong Consumer Trust:

High Quality at Fair Prices.

We do more than listen carefully to consumers and be close to them. We use the knowledge that comes with personal contact to develop innovative products that meet consumers' needs by providing tangible benefits. Consumers reward us for our efforts with their trust in and identification with our brands. For example, NIVEA is voted the most trusted skin care brand year after year in numerous countries in the Reader's Digest survey. Eucerin is in a similar position: the brand has achieved highest esteem and trust among dermatologists, pharmacists and consumers worldwide. This satisfaction is due to the credibility, reliability, and the authenticity of our products, as well as their good price/performance ratio. In order to maintain this positive image, we continuously improve the Beiersdorf brand family in line with consumer wishes.





Katrin Kaske visiting a consumer at home.

A look at her host's bathroom, living habits, and personal care routines allows employees like Katrin Kaske to gain key insights into the people we want to convince with our brands.





IN FOCUS: OUR RESEARCH AND DEVELOPMENT.

We Have Fresh Ideas for
Tomorrow's Care Products.



Dr. Annika Schrader in our
Hamburg Skin Research Center.

The scientist, who has a doctorate in biology, is passionate about her work in a team of national and international scientists. Together, they continuously develop groundbreaking new products for the market.





DR. ANNIKA SCHRADER · RESEARCH SCIENTIST, SKIN AGING

Our research and development employees set standards with their innovations. Dr. Annika Schrader is a member of this team. In 2009, she looked after a very special innovation: the new Eucerin AQUAporin ACTIVE range, which supplies skin with an intensive moisturizing effect. The fact that this product has been on retail shelves worldwide since the beginning of 2010 spurs the scientist on in her search for developing more and more innovations that meet consumers' wishes and needs.

Basic Research as a Driver for Success: More Than 125 Years of Research Expertise.

Pioneering research and development has a long tradition at Beiersdorf. The foundations for our Eucerin brand were laid in 1900; eleven years later, we set another milestone with NIVEA. Today, our research team comprises about 550 Beiersdorf scientists worldwide, with development centers in Hamburg, Switzerland, and China. They are engaged in basic dermatological research and test both substances and formulas for tolerability and effectiveness, as well as develop innovative products that meet the highest quality standards. In the process, they cooperate closely with well-known international universities and institutes.

Global Research: International Teamwork.

We focus closely on international markets and adapt our products to specific local conditions and needs. Our dedicated Asian and Latin American Laboratories in our Skin Research Center in Hamburg offer us the basis for developing special skin care products for these regions, in cooperation with the countries concerned. We generate additional expertise through our close, in-depth cooperation and exchange with the researchers at our Chinese affiliate, C-BONS Hair Care in Wuhan. Our local knowledge of the Chinese hair care market, regional consumer habits, and sophisticated hair care and styling technologies strengthens our company's innovative ability. It also helps us increase our global market share and to play a leading role in the dynamic Chinese cosmetics market.



Close to Consumers. Worldwide.

Thanks to its more than 150 affiliates, Beiersdorf has a global presence. Today, we generate around 75 percent of our sales outside the German market.

The following five employees are representative of our global presence and our more than 20,000 employees worldwide. They are all aware of the basis for our success: our concentration on our strong brands and our global business focus on the unique features of our regional markets.

—
Mary Margaret York

**Category Manager
Procurement
USA**



»Our emotion-driven campaigns have substantially raised market awareness of NIVEA among American consumers.«

—
Gustavo Frisina

**International Brand Manager
Brazil**



»The people of Brazil are some of the most beauty-conscious in the world, which is why this cosmetics market is largely immune to crisis and has one of the fastest growth rates in Latin America.«

EMPLOYEES BY REGION // IN %



—
Johanna
Waschmann

Junior Product Manager
Germany



» Our brands are well positioned to continually strengthen our leading position in Europe.«

—
Gregory Cho
Yin Yam

International Brand Manager
China



» The Asian market, and China in particular, is one of our best-selling regions. We occupy a strong position in China's growth market thanks to NIVEA and our C-BONS Hair Care products.«

—
Warren Palmer

Manager Strategy Development
South Africa



» The African continent is a diverse and multicolored tapestry of culture and ethnicities, where in different beauty ideals can be found. We are well positioned with our brands to meet the growing needs of our existing and future consumers.«

GROUP SALES BY REGION // IN %





IN FOCUS: OUR SUPPLY CHAIN.

We Value
Seamless Workflows.



JÜRGEN FLETEMEYER · DISTRIBUTION CENTER CENTRAL EUROPE

Our superior supply chain ensures that our consumers worldwide receive high-quality products in the right place at the right time. Jürgen Fletemeyer's job is to meet this challenge. He and his team are motivated to achieve excellence by his aim of permanently improving processes and quality in the supply chain.

Supply Chain Realignment:
Award for Outstanding Logistics Processes.

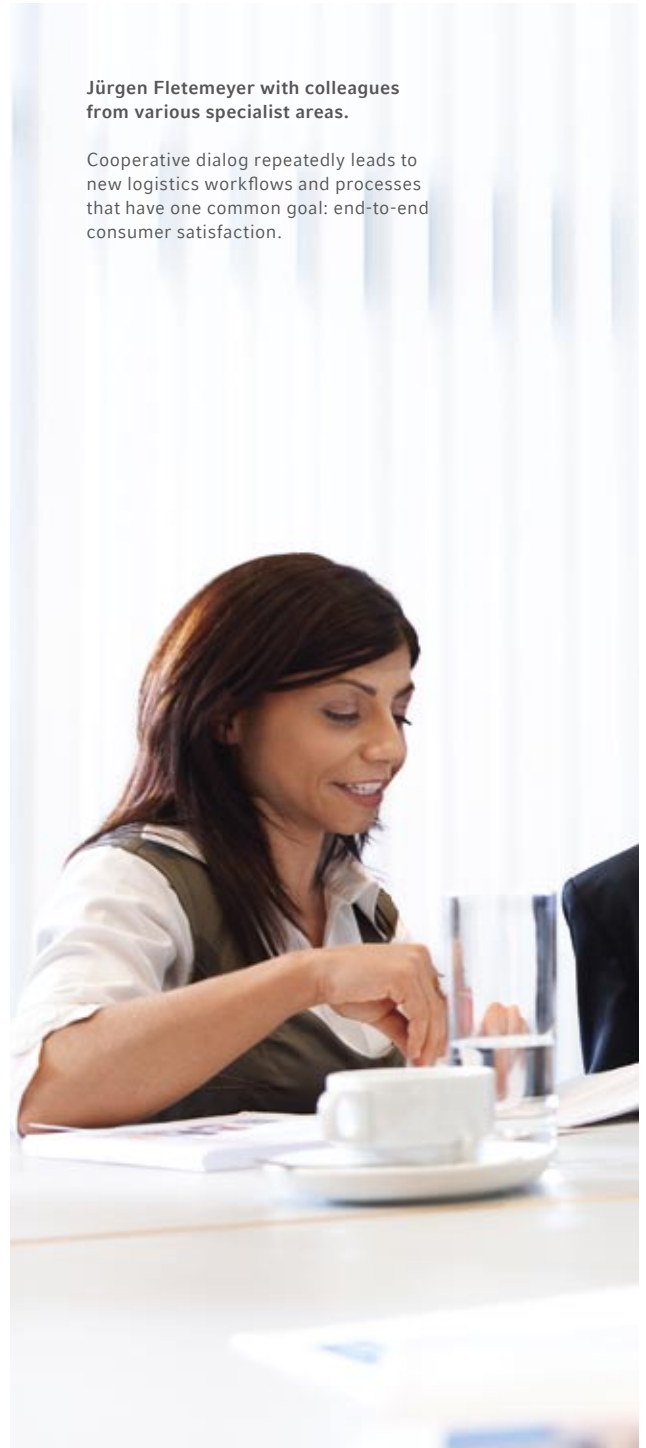
Our customers expect us to ensure rapid delivery and react quickly to short-term changes in demand. In order to improve our performance in this area, we have completely realigned our supply chain in recent years and concentrated on optimizing our structures and processes. With great success: According to an international study (2009: "My Chain Delivers", published by the European Business School, McKinsey, and the German Logistics Association), Beiersdorf offers a best practice example for logistics processes worldwide. The reasons? We react swiftly to changing conditions, use synergies, and act sustainably and responsibly.

The Supply Chain of the Future:
Increased Cooperation with Partners.

We analyze global megatrends such as increasingly individualized wishes on the part of consumers and business partners, demographic change, oil market trends, and our commitment to ensuring sustainability. Starting from these megatrends, we defined a number of areas of activity in the past fiscal year, which form the basis of our new supply chain strategy. These include among other things further enhancements to our logistics and production infrastructure and to our processes. Cooperation with external partners is extremely important here. For example, we work together with raw materials suppliers to ensure we have the same expectations and are using the same planning. That enables us to shorten procurement times and increase innovation speeds. We also cooperate with logistics partners, who help reduce environmental impacts and cut costs by bundling deliveries by multiple companies. These cooperative activities are essential ensuring that Beiersdorf is optimally prepared for the future.

Jürgen Fletemeyer with colleagues
from various specialist areas.

Cooperative dialog repeatedly leads to
new logistics workflows and processes
that have one common goal: end-to-end
consumer satisfaction.







IN FOCUS: OUR SALES CONCEPTS.

We Make our Brands
an Experience.



Dirk Vonten collecting information at the point of sale.

Dirk Vonten's close contact with retailers and consumers gives him new insights on how he can better present the products under the umbrella brand NIVEA, so that he can always be one step ahead of the competition. A task he finds extremely exciting.





DIRK VONTEN · POINT OF SALE MANAGEMENT GERMANY

Increasingly, consumers decide what to buy spontaneously when they are standing in front of the shelves. We are reacting to this trend with innovative sales concepts and strategies designed to position our brands optimally at the point of sale. Dirk Vonten and his team are responsible for NIVEA's brand presence. An exciting task for the manager, since the concepts are developed in close communication with retailers and consumers.

Brand Presentation Strategies: A Continuous Optimization Process.

We work continuously to position Beiersdorf's brands attractively in retail outlets. A wide range of different concepts is used: For example, our shop-in-shop concepts and the "Blue Wall" shop furniture are designed to show our core retail brand, NIVEA, in a favorable light and to bring the full range offered by the skin and beauty care brand closer to the consumer. Specially trained sales representatives assist consumers by offering expert advice on how to choose the right product from the range. We also appeal to our consumers emotionally and enter a dialog with them in our NIVEA Houses in the cities of Hamburg, Berlin, and Dubai. These offer spontaneous wellness and cosmetics applications to consumers looking for a short break, turning our brand into an experience based on the NIVEA product family.

Eucerin and La Prairie: Expert Advice is the Key to Success.

In addition to NIVEA, our strong sales concepts also increase world-wide appeal for our global brands Eucerin and La Prairie. For example, our dermatological cosmetics brand, Eucerin, has significantly raised its brand awareness in pharmacies starting in 2009 through a new store concept. This involves attractive shelving and a counter where professional skin care advice and information about all Eucerin products is available. This allows us to be closer to consumers and to focus on Eucerin as a cosmetics brand with a medicinal purpose. Special store and shelving concepts also underline the high quality of our exclusive cosmetics brand, La Prairie. The established sales area for La Prairie ensures attractive product presentation, provides space for in-depth consultations, and offers an elegant ambience for sophisticated consumers.

Focus Topics 2009

January 2009

Labello Celebrates 100 Years of Success.



To mark Labello's 100 years of success a wide range of activities are carried out, such as an anniversary edition of the classic blue Labello, which is launched to mark the birthday of the world's first lip care stick.

February 2009

New Design for NIVEA Body Care.



Beiersdorf boosts the modern brand image of its strong NIVEA Body Care segment with one of the biggest relaunches in the Company's history. The new bottle shape is designed to appeal more strongly to women and to reinforce the brand's image and position.

February 2009

Europe's Consumers Trust NIVEA.

NIVEA is Europe's most trusted skin care brand according to the results of Reader's Digest magazine's annual "Most Trusted Brands" survey. The iconic brand took the top spot for the ninth consecutive year, with top marks being awarded for its good price/performance ratio, excellent quality, and brand image.

April 2009

Third NIVEA House Opens in Berlin.

After Hamburg and Dubai, Beiersdorf opens the world's third NIVEA House in Berlin, where consumers can experience the NIVEA brand world and enjoy relaxing wellness and cosmetics applications.

June 2009

James C. Wei Joins the Executive Board.

Beiersdorf underlines its goal of strengthening its Asia business. On June 1, 2009, the Supervisory Board appointed James C. Wei from Taiwan as an additional member of the Executive Board. In addition to responsibility for the Asian markets (China, Singapore/Malaysia, Thailand, Indonesia, Korea, and India), Mr. Wei takes over the newly created "New Ways to Business" area.

June / July 2009

New NIVEA Factory Opens in Shanghai.



Beiersdorf is substantially expanding its production capacity in Asia. The new NIVEA factory in Shanghai will initially have an annual capacity of 15,000 tonnes, which can be increased to up to 25,000 tonnes. In addition, production capacity at the NIVEA factory in Thailand will be doubled to 31,000 tonnes per year due to increasing demand.

July 2009

New Umbrella Brand Logo for NIVEA.



Beiersdorf begins rolling out its new NIVEA umbrella brand logo in the third quarter. By 2011, a total of 14 NIVEA sub-brands will successively adopt the new logo, giving consumers a more consistent brand image. Only NIVEA Visage, NIVEA FOR MEN, NIVEA Baby, and NIVEA Sun will keep their own sub-brand names in the logo to assist identification.

July / August 2009

NIVEA Starts "Germany Turns Blue" Campaign.



NIVEA surprises German consumers in summer 2009 with one of the country's biggest marketing and retail campaigns: 15 million households receive a "NIVEA No. ONE Shopping Bag" with a gift coupon by mail. This is NIVEA's way of thanking consumers for the trust they have placed in the brand.

December 2009

NIVEA Launches Corporate Citizenship Cooperation.



NIVEA launches its international cooperation with the children development organization Plan International. It aims to support projects that help sustainably improve opportunities for children and young people from socially disadvantaged families.

01

ANNUAL REPORT 2009

To Our Shareholders



[www.Annual_Report.Beiersdorf.com/
To_Our_Shareholders](http://www.Annual_Report.Beiersdorf.com/To_Our_Shareholders)

BDF ●●●●
Beiersdorf



Ladies and gentlemen,

2009 was a difficult year. The global economic and financial crisis proved very challenging for society and the economy in many countries. Although Beiersdorf, too, could not completely avoid this development, it was able to hold its ground well in this market environment. However, the changed economic conditions and the further increase in market competition led to our Company being unable to maintain its normal pace of growth in 2009. We generated sales of €5,748 million (previous year: €5,971 million). At -0.7% on a like-for-like basis, after adjustment for currency translation effects, this was down only slightly on the record sales seen in 2008. EBIT amounted to €587 million (previous year excluding special factors: €696 million). Profit after tax amounted to €380 million (previous year: €490 million excluding special factors). The Executive Board and the Supervisory Board will propose a dividend of €0.70 per no-par value share carrying dividend rights to shareholders at the Annual General Meeting.

The Beiersdorf Group's two business segments felt the effects of the economic crisis to differing extents. Despite a decline in sales of 12.2%, tesa outperformed the industrial sector overall, which experienced a sharp decline. The Consumer business segment exceeded last year's high sales levels with an organic growth of 1.2% on a like-for-like basis. However, our performance in the global consumer markets differed substantially. China and Latin America achieved double-digit sales growth. Eastern Europe, the USA, and Germany also exceeded last year's sales. By contrast, the situation in Western Europe, a key region, remained difficult and we failed to meet our expectations.



Once again, we achieved our goal of further increasing Beiersdorf's market share in 2009 in many countries. Our long-term, future-oriented "Passion for Success" Consumer Business Strategy laid the foundations for this. We are concentrating our activities on the skin and beauty care market by leveraging our strengths – our systematic consumer orientation, our strong brands, and our superior supply chain. This successful focus on our strengths is also the topic of this Annual Report.

We firmly believe that we will continue to achieve our strategic key objectives in the Consumer business segment in the future: to gain market share and increase profitability. Our three global brands, NIVEA, Eucerin, and La Prairie, make us one of the leading international companies for skin and beauty care. The focus on these strong brands makes us unique. We will continue to concentrate on regions with above-average growth potential. Particularly important here are the key markets of China, Russia, and Brazil. The United States – the world's largest cosmetics market – is also important for us. In addition, we are continuing to pay particular attention to Western Europe.

The tesa business segment expanded its market position in a difficult market environment. The effects of the economic crisis were felt particularly strongly in the industrial segment. Sales to customers in the automotive and electrical industries fell considerably, especially in the first half of 2009. The consumer business remained relatively stable, declining only slightly compared to the previous year. To preserve its structural earnings ability, tesa announced measures such as short-time working and location closures in the first quarter of 2009 and implemented them in the course of the year.

My fellow members of the Executive Board and I firmly believe that Beiersdorf will continue to develop successfully worldwide. We are well prepared for the challenges of the future. The economic turbulence in 2009 revealed opportunities for improvement and showed where we need to adjust our priorities. We are solidly positioned and have a healthy financial structure. We will monitor the market on an ongoing basis and react quickly to changes with appropriate measures.

Our special thanks go to all employees around the world whose teamwork and dedication have helped make Beiersdorf a success even in difficult times. Their commitment, their high level of identification with the Company, and their team spirit are the main drivers for our continued positive development. On behalf of the entire Executive Board, I would like to extend my thanks for this. I would also like to thank our retail and business partners, with whom we work very closely, and our consumers and shareholders for their strong trust in us.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Thomas-B. Quaas', written in a cursive style.

THOMAS-B. QUAAS
CHAIRMAN OF THE EXECUTIVE BOARD



Markus Pinger

Born in 1963 in Leverkusen (Germany)
Member of the Executive Board since 2005

Responsible for Supply Chain:

- › Procurement
- › Production
- › Logistics
- › Quality Management

Peter Kleinschmidt

Born in 1950 in Rostock (Germany)
Member of the Executive Board since 2003

Responsible for Human Resources:

- › Human Resources
- › Sustainability

Dr. Bernhard Düttmann

Born in 1959 in Düsseldorf (Germany)
Member of the Executive Board since 2006

Responsible for Finance:

- › Finance
- › Controlling
- › Legal
- › IT



—
James C.
Wei

Born in 1957 in Kao-Hsiung (Taiwan)
Member of the Executive Board
since 2009

Responsible for:

- › New Ways to Business

—
Thomas-B.
Quaas

Born in 1952 in Glauchau (Germany)
Chairman of the Executive Board
since 2005
Member of the Executive Board
since 1999

Responsible for:

- › Strategic Corporate Development
- › Corporate Communications
- › Internal Audit

—
Pieter
Nota

Born in 1964 in Wageningen
(the Netherlands)
Member of the Executive Board
since 2005

Responsible for Brands:

- › Marketing
- › Research & Development
- › Sales

Beiersdorf's Shares and Investor Relations

The global economy returned to a cautious growth path in the second quarter of 2009 after experiencing a severe contraction in the first quarter. As of the third quarter, the Asian economies in particular recorded a renewed rise in imports from other regions of the world. Extensive monetary and financial policy measures had a stimulating effect on the economy, bolstering corporate and consumer confidence. The global Purchasing Managers' Index (PMI) was clearly above the growth threshold in the fourth quarter. This growth was mainly driven by manufacturing industry. On the commodities markets, oil prices increased slightly in recent months, ending the year at approximately USD 78 per barrel of Brent crude, almost twice the 2009 opening price. This renewed rise in oil prices was in contrast to the overall deflationary trend. Global inflation rates remained consistently low during the course of the year, also reflecting capacity underutilization during the recession.

The international stock markets experienced a general rally starting in March 2009. The steep increase in the period up to October, coupled with a decline in volatility, surprised many observers. Among other things, the price gains in this period represented a market reaction to the publication of unexpectedly positive economic data. Concerns about the stability of the financial sector in the fourth quarter again led to temporary declines, with the DAX closing the year just below the important 6,000 point mark at 5,957 points.



Beiersdorf.com/
Shares

Beiersdorf's shares moved in parallel to the DAX in the first quarter of 2009. Market uncertainty about future economic developments led to numerous revisions to target prices and recommendations for Beiersdorf's shares, as for others, which led to a volatile share price performance during the first quarter. Growth in the entire HPC (Household and Personal Care) sector slowed considerably. This trend turned out to be sharper than the market had expected, resulting in share prices underperforming the overall market. In the second quarter, Beiersdorf's share price offered investors a good opportunity to take or increase positions, with closing prices on some occasions of less than €30. Our shares rose significantly in the third quarter and particularly as of the beginning of September, clearly outperforming the overall market in the fourth quarter. Observers believe that this represented a market reaction to the continuous improvement in sales growth and profit margins by Beiersdorf's two business segments. Thanks to this positive trend, our share price stabilized in December substantially above the previous year's level and closed the year at €45.93.



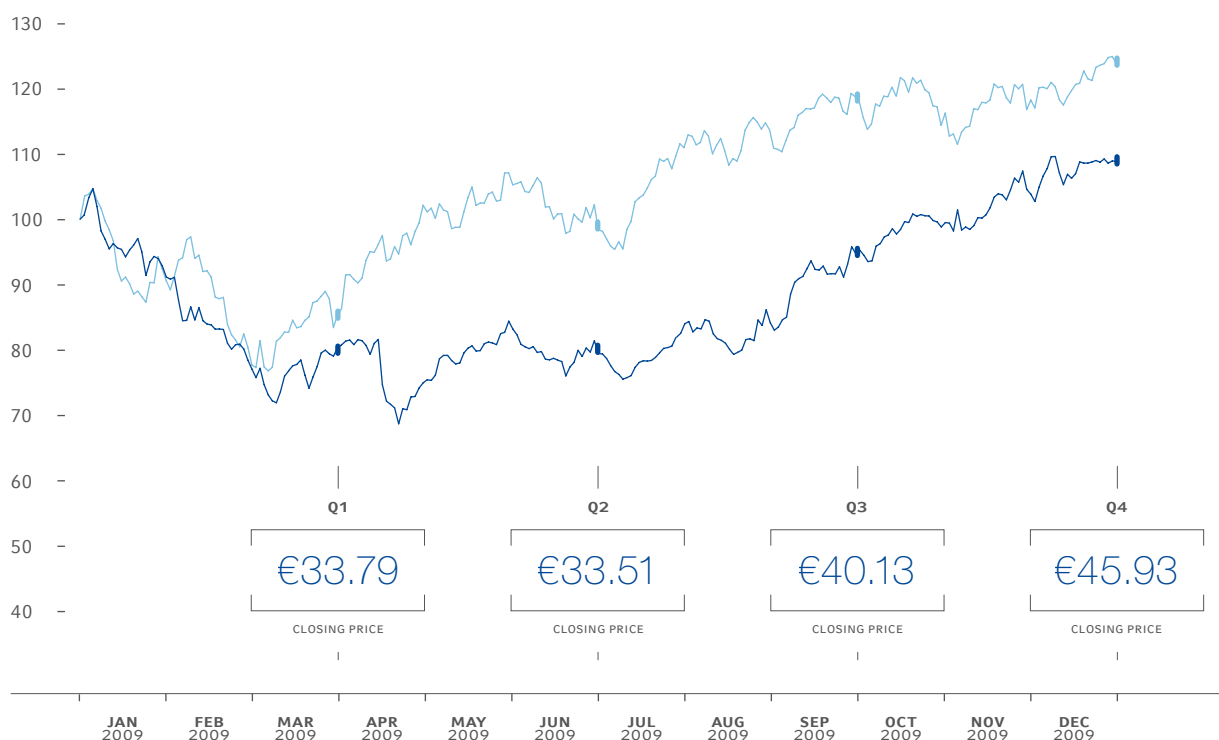
Beiersdorf.com/
IR

In 2009, our market communications activities concentrated on explaining the measures we took to combat the effects of the recession on our profit situation. We kept equity analysts informed on this in regular telephone conferences and analyst meetings, which provided an important platform for discussion with Beiersdorf's management. Dialog with investors mainly took place at selected external conferences and roadshows. In 2009, the Executive Board once again held in-depth talks with investors at major conferences in London, Paris, and New York, Beiersdorf's key financial markets, and provided them with comprehensive information on the course of business.

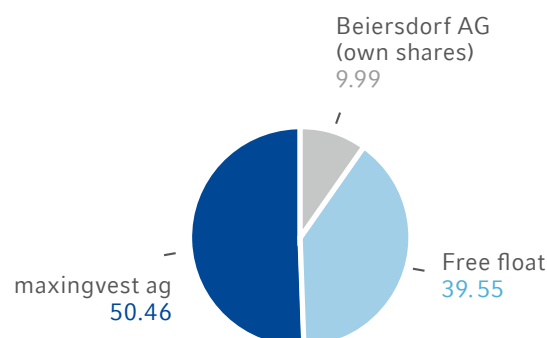
BEIERSDORF'S SHARE PRICE PERFORMANCE 2009

JAN. 1 – DEC. 31, 2009 / RELATIVE CHANGE IN %

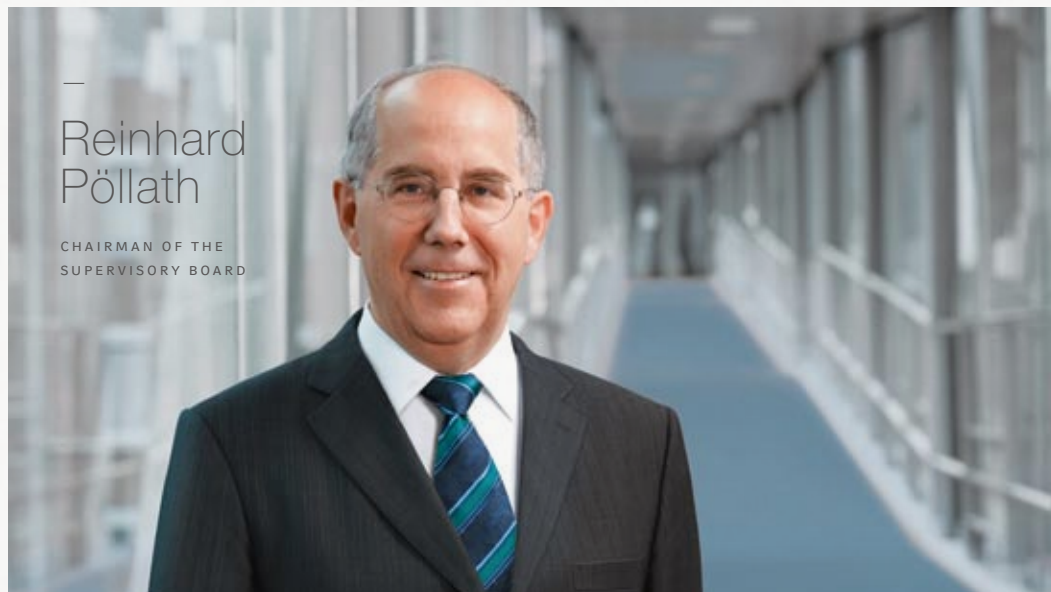
■ BEIERSDORF ■ DAX

**BASIC SHARE DATA**

Company name	Beiersdorf Aktiengesellschaft
WKN	520000
ISIN	DE 0005200000
Stock trading venues	Official Market: Frankfurt and Hamburg Open Market: Berlin-Bremen, Düsseldorf, Hanover, Munich, and Stuttgart
Number of shares	252,000,000
Share capital in €	252,000,000
Class	No-par value bearer shares
Market segment/Index	Prime Standard/DAX
Stock exchange symbol	BEI
Reuters	BEIG.DE
Bloomberg	BEI:GR

SHAREHOLDER STRUCTURE // IN %
AS OF DEC. 31, 2009

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Report by the Supervisory Board

The Supervisory Board performed its tasks in accordance with the law, the Articles of Association, the German Corporate Governance Code and the bylaws, and regularly advised and supervised the Executive Board in its management of the Company. The Executive Board reported to us at all times in a timely and comprehensive manner, both orally and in writing, on the Company's business strategy and corporate planning, on the course of business and risk management, as well as on the situation of and outlook for the Company. In particular, the full Supervisory Board and the relevant committees discussed and examined material business transactions and deviations between actual and planned developments in detail on the basis of the reports presented by the Executive Board. In the periods between Supervisory Board meetings, the Executive Board informed the Chairman of the Supervisory Board, who reported to the Supervisory Board, of all matters of importance to the Company. Above all, the Company's strategic focus, business development, and risk management were discussed regularly.

Five regular **Supervisory board meetings** were held. In addition, we passed two resolutions in writing that were prepared by discussions and extensive documentation. In the Supervisory Board meetings, we regularly focused on current business developments, major individual business transactions, and measures by the Executive Board requiring Supervisory Board approval. We granted all necessary approvals after careful examination and in-depth discussion.

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The Supervisory Board meeting on February 19, 2009 focused mainly on the annual and consolidated financial statements for 2008 and the proposed resolutions for the Annual General Meeting. In addition, we examined in detail the measures taken by the Executive Board to counter the effects of the financial market and economic crisis on the Beiersdorf Group. We also discussed potential savings in procurement and the establishment of new distribution channels.

The meeting before the Annual General Meeting on April 30, 2009 was primarily devoted to the Company's annual planning for 2009, which was revised in light of the financial market and economic crisis; this was approved after in-depth examination. Additionally, we used the meeting to discuss the consolidated interim financial statements as of March 31, 2009 and to prepare the Annual General Meeting.

In the constituent meeting immediately following the Annual General Meeting on April 30, 2009, we elected the Chairman of the Supervisory Board, the Deputy Chairman, and the additional Deputy Chairman, as well as the members of the committees and their chairmen. We discussed the modification of the remuneration system for the Executive Board and resolved to slightly modify the criteria for the variable remuneration, as well as agreeing a mid-term bonus for 2009 and 2010. In addition, we had an opportunity to get to know James C. Wei better.

We appointed Mr. Wei in May as a regular member of the Executive Board effective June 1, 2009 by way of a written resolution. We gave Mr. Wei functional responsibility for the "New Ways to Business" area and regional responsibility for most of Asia, and especially China. In addition, after previous consideration we renewed Dr. Bernhard Düttmann's appointment as a regular member of the Executive Board effective January 1, 2010 by way of a written resolution.

The key items discussed at the meeting on September 3, 2009 were the consolidated interim financial statements as of June 30, 2009, business developments in Germany, process and structural optimizations, and a reduction in fixed costs, as well as the planned realignment of the production and logistics facilities in North America. In addition, we discussed the changes resulting from the *Gesetz zur Angemessenheit der Vorstandsvergütung* (Act on the Appropriateness of Executive Board Remuneration, *VorstAG*) and the German Corporate Governance Code, and adapted the Supervisory Board bylaws in line with them. Together with the Executive Board, we updated the 2008 declaration of compliance with the recommendations of the German Corporate Governance Code. In addition, we renewed the appointment of Thomas-B. Quaas as Executive Board Chairman effective April 1, 2010.

The meeting on November 19, 2009 examined the consolidated interim financial statements as of September 30, 2009, business developments in China, the Company's future strategic direction, and opportunities for optimizing structures and processes and reducing fixed costs. In addition, the Executive Board presented us with its planning for 2010, which we approved following in-depth discussion and review. We also resolved on the declaration of compliance with the recommendations of the German Corporate Governance Code for fiscal year 2009 in this meeting and discussed updates to the remuneration system for the Executive Board.

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The Supervisory Board has four committees that prepare the resolutions to be taken by the full Supervisory Board and pass resolutions in its stead in individual cases, insofar as this is permitted. The chairmen of the committees reported regularly and in detail to the Supervisory Board meetings about the matters dealt with at, and results of, the committee meetings.

The **Executive Committee** met six times and resolved one resolution in writing. Deliberations focused on the preparation of the Supervisory Board meetings, corporate planning, and current business developments, as well as the measures taken by the Executive Board to counter the effects of the financial market and economic crisis. In addition, the Committee dealt with the appointments to the Executive Board, the remuneration of the Executive Board, and the changes to the German Corporate Governance Code.

The **Audit and Finance Committee** held four meetings and two conference calls. The main topics covered in the meetings were the preliminary examination of the annual financial statements of Beiersdorf AG and the consolidated financial statements, the discussion of the interim reports with the Executive Board prior to their publication, and the preparation of the agreements with the auditors, including monitoring the latter's independence. In addition, the Committee reviewed the Group-wide risk management system and discussed the effects of the *Bilanzrechtsmodernisierungsgesetz* (Accounting Law Modernization Act, *BilMoG*). It evaluated the results of the internal audits performed in fiscal year 2009 and the internal audit plan for fiscal year 2010. It also conferred about compliance issues, including the investigations by national anti-trust authorities in Europe. Finally, the Committee discussed the measures taken by the Executive Board to safeguard the Company against, and monitor the effects of, the financial market and economic crisis.

The **Nomination Committee** met in January 2009 to prepare the proposals by the Supervisory Board for the election of the shareholder representatives by the Annual General Meeting. The **Mediation Committee** set up in accordance with § 27 (3) *Mitbestimmungsgesetz* (German Co-Determination Act, *MitbestG*) did not meet.

The **auditors**, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, audited Beiersdorf AG's annual financial statements and the consolidated financial statements prepared by the Executive Board, as well as the management reports for Beiersdorf AG and the Group, and issued unqualified audit opinions for them. The auditors issued the following unqualified audit opinion for the Report on Dealings among Group Companies for 2009 as required by § 312 *Aktiengesetz* (German Stock Corporation Act, *AktG*) prepared by the Executive Board 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." One focus of the audit for fiscal year 2009 was on examining the effects of the financial market and economic crisis on the consolidated financial statements.

The **annual financial statements** of Beiersdorf AG, the **consolidated financial statements**, the management reports for Beiersdorf AG and the Group, the Report on Dealings among Group Companies, and the auditors' reports were distributed to all members of the Supervisory Board immediately after their preparation. The Audit and Finance Committee's meeting on February 24, 2010 performed a preliminary examination of the financial statements, the reports, and the Executive Board's proposal on the utilization of the net retained profits. The meeting of the Supervisory Board convened on February 25, 2010 to adopt the financial statements discussed and reviewed the financial statements, the reports, and the proposal on the utilization of net profits in detail. The auditors reported on the key findings of their audit both to the committee as well as to the full Supervisory Board meeting, and were available to answer questions and provide supplementary information. Our own examination of the 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 prepared by the Executive Board for the year ending December 31, 2009. The annual financial statements of Beiersdorf AG are thus adopted. We endorsed the Executive Board's proposal on the utilization of the net retained profits.

The term of office of all **members of the Supervisory Board** ended at the end of the Annual General Meeting on April 30, 2009. Dieter Ammer, Dr. Arno Mahlert, and Stefan Pfander left the Supervisory Board on the shareholders' representative side. In addition to Michael Herz, Dr. Rolf Kunisch, and Prof. Dr. Reinhard Pöllath, who were reelected as shareholder representatives, the General Meeting elected Prof. Dr. Eva Eberhartinger, Thomas Holzgreve, and Thomas Siemsen to the Supervisory Board. On the employee representative side, Frank Ganschow and Ulrich Plechinger left the Supervisory Board. Prof. Manuela Rousseau, Dr. Walter Diembeck, Thorsten Irtz, and Tomas Nieber were reelected by the workforce to the Supervisory Board, while Elke Bruns and Volker Schopnie were elected for the first time. The Supervisory Board would like to thank the former members for their hard work and constructive contributions. The Supervisory Board elected the undersigned as its Chairman, Thorsten Irtz as its Deputy Chairman, and Thomas Holzgreve as the additional Deputy Chairman.

In addition to the meetings of the Audit and Finance Committee and the full Supervisory Board on February 24 and 25, **2010** that have already been mentioned, the Supervisory Board and the Executive Committee have each held one further meeting in 2010 to date. These meetings concentrated primarily on determining the extent to which the Executive Board had met its targets and its total remuneration for fiscal year 2009, the targets for 2010, the modification of the remuneration system for the Executive Board, and strategic issues relating to the Company's focus.

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We would like to warmly thank our shareholders, our customers, and especially our consumers for the trust they have placed in us. In addition, we would like to thank all employees and the Executive Board for their outstanding work. Each and every one helped make fiscal year 2009 a success, despite the difficult environment. By doing so, they have also helped put the Company in a position from which, by continuing its hard work, it can exploit the challenges and opportunities offered by these new times to its own advantage and for the benefit of all concerned.

Hamburg, February 25, 2010

For the Supervisory Board



REINHARD PÖLLATH
CHAIRMAN OF THE SUPERVISORY BOARD

02

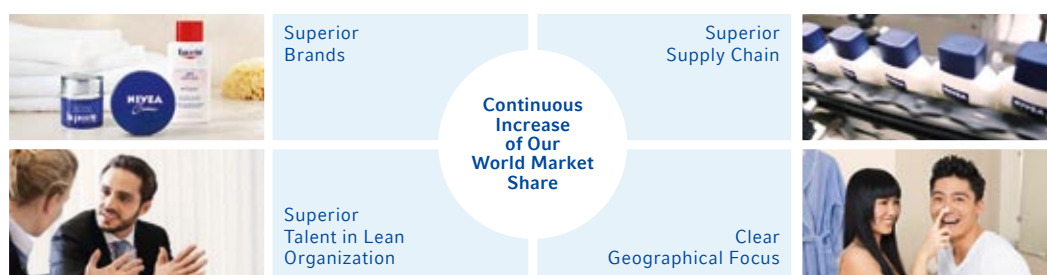
ANNUAL REPORT 2009

Group Management Report



[www.Annual_Report.Beiersdorf.com/
Group_Management_Report](http://www.Annual_Report.Beiersdorf.com/Group_Management_Report)

01 · CONSUMER BUSINESS STRATEGY



Business and Strategy



Beiersdorf.com/
tesa.com

Beiersdorf is, within the different segments in which we are represented, a leading international branded consumer goods company, with more than 150 affiliates and approximately 20,350 employees. Our Company is divided into two areas: The Consumer business segment – which is the focus of our business – concentrates on the international skin and beauty care market. Strong brands and a comprehensive consumer focus are the key factors for our strategy here. The tesa business segment adds self-adhesive product and system solutions for industry, craft businesses, and consumers to our corporate activities.

Consumer Business Segment

The Consumer business segment develops, manufactures, and markets innovative skin and beauty care products. We have been setting benchmarks and meeting the highest standards of quality and innovative strength for more than 125 years with our trusted brands. The Consumer business segment's success is based mainly on our core brands NIVEA, Eucerin, and La Prairie. We are represented in all key segments of the skin and beauty care markets with these three global brands – the broad consumer market, the dermocosmetics market, and the market for luxurious anti-aging care. Our portfolio also includes many other strong regional brands such as Labello, 8x4, Hansaplast, Florena, and SLEK. We enjoy leading positions in the relevant markets in many countries and segments with this broad product offering.



Beiersdorf.com/
Strategy

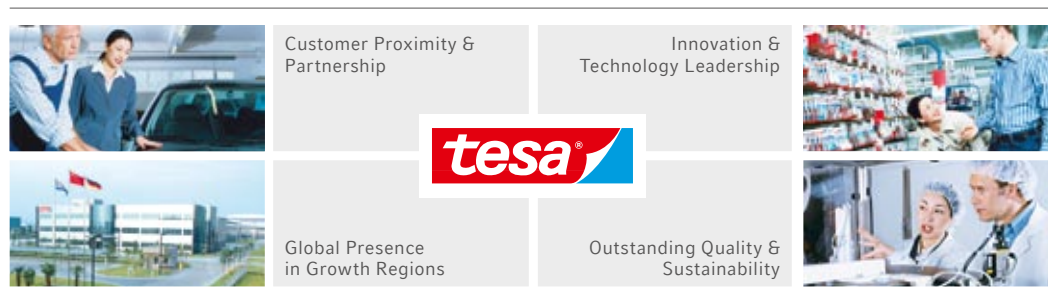


see
Chart 01

Our strong brands are the basis for our global growth. This is why we continuously develop our brand family by focusing on the wishes and needs of our global consumers. Global closeness to the consumer is a reality for us. This strengthens the trust in and the appeal of our brands and serves as the basis for our clear goal – to continuously increase our global market share and to further increase our earnings. We have formulated our Consumer Business Strategy, “Passion for Success”, to meet these demands while growing faster than the market, and are systematically implementing it world-wide. This strategy is based on the following four cornerstones:

- **Superior Brands:** We aim to offer our consumers tailored products that meet the highest standards of quality and innovative strength. Excellent point of sale displays and advertising and the efficient use of our marketing and sales expenditures strengthen our brands long-term and clearly distinguish them from the competition.
- **Superior Supply Chain:** We manage our global activities centrally in our global Consumer Supply Chain, which is tailored to our structure, partners, and markets. This makes us fast, flexible, and cost-effective. At the same time our supply chain allows us to offer our retail partners tailor-made solutions.
- **Clear Geographical Focus:** We ensure that we stay close to our markets worldwide and assign clear priorities. We focus on regions with above-average growth potential. Particularly important here are the key markets of China, Russia, and Brazil. The United States – the world's largest cosmetics market – is also important for us. In addition, we are continuing to pay particular attention to Western Europe.

02 · TESA STRATEGY



- **Superior Talent in Lean Organization:** We demand and encourage performance, innovation, and optimization at all levels of the Company. Our strengths include efficient central decision-making and management structures.

In fiscal year 2009, the Consumer business segment implemented a wide range of measures in line with these four cornerstones. These included maintaining investments in marketing and research and development in an economically difficult year and adapting brand communication activities rapidly and flexibly to local market situations. Supported by a special crisis team, we also initiated measures to preserve our earnings power. We strengthened our position in China by appointing a new Executive Board member. James C. Wei has been responsible for business in China and other Asian countries since June 2009.

Our defined Consumer Business Strategy is regularly reviewed by the Executive Board and adjusted and developed in line with changing conditions.

tesa Business Segment

With operations in more than 100 countries, the tesa business segment is the international number two among the world's leading manufacturers of self-adhesive system and product solutions for industry, craft businesses, and consumers. Reliable quality, a strong track record for innovation, and the use of superior technology are core elements of our brand philosophy and strategy. Our activities are focused on the customers for whom tesa develops effective solutions.

In the industrial segment, which accounts for more than three quarters of sales, tesa offers system solutions for the electronics, printing, paper, packaging, and automotive industries in particular. The main strategic focus is on establishing and expanding particularly profitable businesses in technically sophisticated application areas. Our industrial customers use our system solutions to optimize and increase the efficiency of production processes, as tailored protection and packaging systems, and as permanent mounting solutions during manufacturing. tesa also offers flexible, innovative processes to protect against manipulation and counterfeiting. In addition, we want to establish ourselves in a further high-growth segment with our new health markets business area. In this area, we develop and produce innovative materials for producing high-precision, easy-to-use test strips for "in vitro" diagnostics, among other things. Transdermal systems – medicated plasters for the pharmaceuticals industry – are another focus. Our industrial distribution business also supplies technical dealers with state-of-the-art product ranges for professional craftsmen and industrial customers.

see
Chart 02

Just under a quarter of tesa's sales are attributable to innovative product solutions that are designed for daily use in the office, home, and garden. Consumers in Europe and Latin America can find a wide range of products under the tesa umbrella brand which, in addition to office products such as the classic tesa film adhesive tape, also includes individual solutions for insulation, painting and masking, repairing, packaging, and temporary and permanent mounting. tesa also offers household insect protection solutions and systems.

tesa's in-depth knowledge of production processes, market requirements, and industry trends enables us to develop superior, market-driven products. The ongoing qualification of our employees and the continuous improvement of our business processes enable us to implement the solutions we have found rapidly and efficiently. Reliable quality, a strong track record for innovation, and the use of forward-looking technology are core elements of our brand philosophy and our success.

Management of tesa's business activities on an international level focuses on the following factors:

- expanding global structures in our industrial business with the aim of offering our customers across the world homogenous solutions of consistently high quality,
- expanding international structures in the consumer business with a focus on Europe, and in particular Eastern Europe, to offer tesa's trade partners internationally efficient and market-driven product ranges,
- ensuring uniform global quality standards while also incorporating environmentally friendly technology components.

Management and Control

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

The tesa business segment is managed as an independent subgroup.



see

Page 52ff.

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 Statement" in the Remuneration Report, which also forms part of the consolidated financial statements. Additional information regarding management and control, the Declaration of Compliance in accordance with § 161 *Aktengesetz* (German Stock Corporation Act, *AktG*), and the general management structure is also provided in the "Corporate Governance Statement" section.

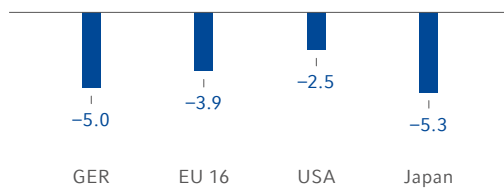
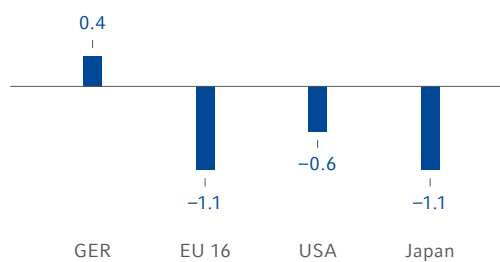
Value Management and Performance Management System

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

We want to grow faster than the market. We measure this in terms of the growth rates in our regions, for which we have defined different growth targets. In particular the Consumer business segment is expected to grow by more than average in the strategic markets of China, Russia, and Brazil. In addition to lifting sales and increasing market share, we want to increase the Group's earnings power at an even higher rate. This is measured using the operating result (EBIT) in conjunction with the EBIT margin (the ratio of EBIT to sales). We aim to generate internationally competitive returns through active cost management and the highly efficient use of resources. In addition, we want to continuously optimize our net operating capital and hence improve our return on capital (the ratio of EBIT to net operating capital).

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

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.

03 · **GROSS DOMESTIC PRODUCT 2009** // IN %
CHANGE COMPARED TO PREVIOUS YEAR04 · **CONSUMER SPENDING** // IN %
CHANGE COMPARED TO PREVIOUS YEAR

Economic Environment

General Economic Situation

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

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

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

The continental Asian countries recovered faster and their production volumes are now higher than before the onset of the recession. China in particular has bucked the difficult trend in the global economy that is being felt elsewhere and is currently recording growth of just under 9%.

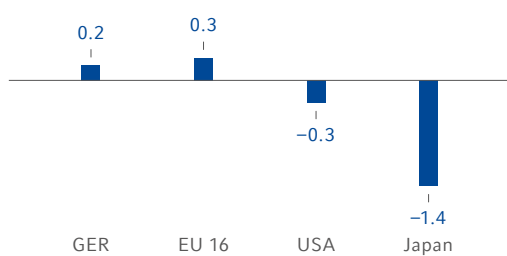
Robust demand from Asia also led to an increase in commodities prices in the course of the year, after prices for crude oil in particular had broken in due to the crisis.

Inflation rates in most countries fell into negative territory over the summer months, before picking up at the end of the year. The price stability targets set by central banks ended to be undershot. This gave the major central banks scope for an very expansionary monetary policy with interest rates effectively at 0%, plus additional measures to provide liquidity.



see
Chart 03
Chart 04
Chart 05

05 · INFLATION RATE 2009 // IN %
CHANGE COMPARED TO PREVIOUS YEAR



Sales Market Developments

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

Global growth in the adhesive tape market continued to slow in 2009 due to the worldwide economic and financial crisis. Overall, the market was well below the prior-year level, although there were regional and segment differences. Western Europe recorded a significant drop, but the decline was less pronounced in the Eastern European and Latin American markets. The heavy slump seen in the Asian markets over the first six months of 2009 was followed by a disproportionately strong rally during the second half of the year, which meant this region played a key part in stabilizing the overall market. The electronics business, which has grown significantly in recent years, was extremely volatile in 2009 and stabilized after a sharp decline at the beginning of the year. The automotive market segment was hit hardest by the global drop in demand.

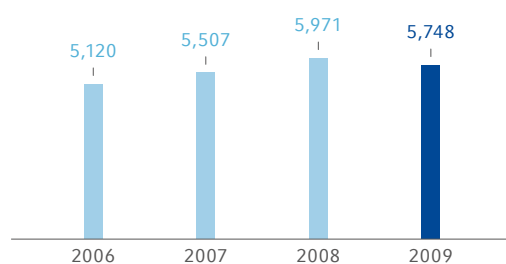
Procurement Market

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

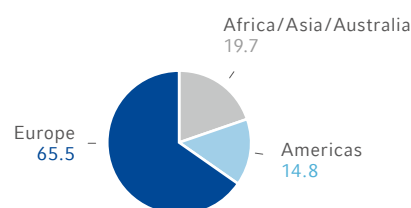
The Economic Situation – Summary

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

06 · GROUP SALES // IN € MILLION



07 · GROUP SALES BY REGION // IN %



Results of Operations, Balance Sheet Structure, and Financial Position

Results of Operations – Group

08 · INCOME STATEMENT // IN € MILLION
JAN. 1 – DEC. 31

	2008	2009	% change
Sales	5,971	5,748	-3.7
Cost of goods sold	-1,979	-1,882	-4.9
Gross profit	3,992	3,866	-3.2
Marketing and selling expenses	-2,874	-2,766	-3.9
Research and development expenses	-149	-149	0.1
General and administrative expenses	-292	-283	-3.2
Other operating result	19	-81	-
Operating result (EBIT, excluding special factors)	696	587	-15.6
Special factors relating to divestments	96	-	-
Special factors relating to the realignment of the Consumer Supply Chain	5	-	-
Operating result (EBIT)	797	587	-26.3
Financial result	25	-4	-
Profit before tax	822	583	-29.1
Taxes on income	-255	-203	-20.3
Profit after tax	567	380	-33.1

The changes in percent are calculated based on thousands of euros.

Sales

Organic group sales, i.e., adjusted for currency translation effects and excluding prior-year sales by our divestments (BODE Group and Futuro business), decreased by 0.7% in 2009 compared with the previous year. Organic growth in the Consumer business segment was 1.2% above 2008, while tesa recorded a 12.2% decline in sales. Adjusted for currency translation effects only, the decline in group sales amounted to 2.6%. At current exchange rates, sales were down 3.7% as against the prior year, at €5,748 million (previous year: €5,971 million).

In Europe, we recorded sales growth of -3.2% (organic). At current exchange rates, sales were €3,767 million (previous year: €4,090 million), 7.9% below the prior-year value.

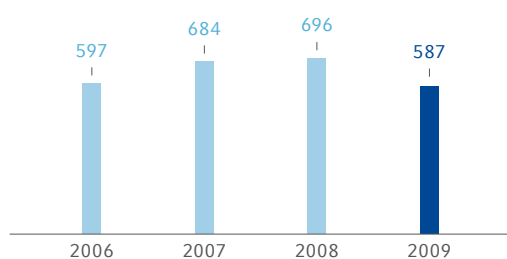
Double-digit organic growth in Latin America was the main driver behind the trend in the Americas. Sales in North America were slightly below the previous year. Overall, sales in the Americas rose by 6.9% (organic). At current exchange rates, sales increased by 2.3% to €851 million (previous year: €832 million).

The rate of sales growth in the Africa/Asia/Australia region slowed down. However, at 2.7% (organic) sales growth was still positive. At current exchange rates, we achieved growth of 7.6% to reach €1,130 million (previous year: €1,049 million).

see
Chart 06
Chart 07

see
Table 08

09 · EBIT GROUP // IN € MILLION EXCLUDING SPECIAL FACTORS



Expenses/Other Operating Result

Cost of goods sold decreased by -4.9% , a much more pronounced decline than was seen for sales. Although investments in marketing and selling expenses were reduced indeed to €2,766 million (previous year: €2,874 million), the share of sales was kept on a constant level in order to safeguard our strong market position. Spendings on advertising, trade marketing, and similar items included in this item amounted to €1,842 million (previous year: €1,915 million). Research and development expenses of €149 million were kept at the prior year's high level. General and administrative expenses were reduced to €283 million (previous year: €292 million). The other operating result of $-€81$ million (previous year: €19 million) includes restructuring measures as well as higher operating currency losses and increased other operating expenses.

Operating Result (EBIT)

Group EBIT amounted to €587 million (previous year excluding special factors: €696 million), while the EBIT margin was 10.2% (previous year: 11.7%). EBIT in the Consumer business segment totaled €558 million (previous year: €615 million) and its EBIT margin was 11.1% (previous year: 12.0%). EBIT for the tesa business segment was €29 million (previous year: €81 million), while the EBIT margin was 3.9% (previous year: 9.6%). Cost caps and cost-cutting measures were initiated in the business segments in 2009 to preserve EBIT.

In Europe we generated an operating result of €535 million (previous year excluding special factors: €632 million). The EBIT margin was 14.2% (previous year: 15.4%). The operating result in the Americas amounted to €20 million (previous year: €37 million). The EBIT margin was 2.4% (previous year: 4.5%). EBIT in Africa/Asia/Australia was €32 million (previous year: €27 million), with the EBIT margin being 2.8% (previous year: 2.6%).

Special Factors Relating to Divestments and the Realignment of the Consumer Supply Chain

Special factors in the prior year related to the sale of the Futuro business and of the BODE Group as well as the the realignment of the Consumer Supply Chain. Measures taken in 2009 to adjust the structures to the changed global economic situation were included in the other operating result.

Financial Result

The financial result amounted to $-€4$ million (previous year: €25 million). Development was mainly influenced by the sharp decline in the interest rate level for financial investments.



see
Chart 09

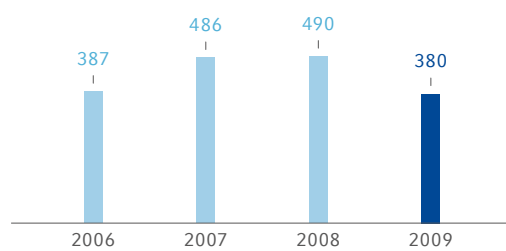


see
Table 08



see
Table 08

10 • **GROUP PROFIT AFTER TAX** // IN € MILLION
EXCLUDING SPECIAL FACTORS



Taxes on Income

Taxes amounted to €203 million (previous year: €255 million). The tax rate was 34.9% (previous year: 31.0%).

Profit after Tax

Profit after tax amounted to €380 million (previous year excluding special factors: €490 million). The return on sales after tax was 6.6% (previous year: 8.2%).

Earnings per Share – Dividends

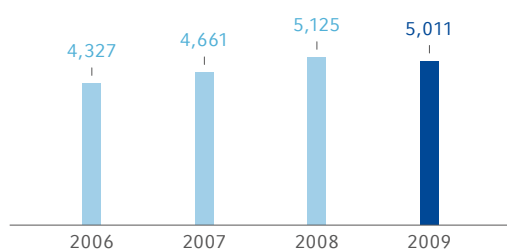
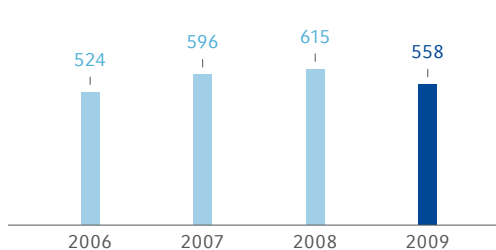
Earnings per share amounted to €1.65 (previous year: €2.48). These figures were calculated on the basis of the weighted number of shares carrying dividend rights of 226,818,984.

The Executive Board and Supervisory Board will propose a dividend to the Annual General Meeting of €0.70 (previous year: €0.90).



see
Chart 10

11 · CONSUMER SALES // IN € MILLION

12 · CONSUMER EBIT // IN € MILLION
EXCLUDING SPECIAL FACTORS

Results of Operations – Business Segments

Consumer

13 · KEY FIGURES CONSUMER BUSINESS SEGMENT

		Europe	Americas	Africa/Asia/ Australia	Total
Sales 2009	(in € million)	3,236	770	1,005	5,011
Change (organic)*	(in %)	-1.5	9.0	5.0	1.2
Change (adjusted for currency translation effects)	(in %)	-3.6	4.1	4.6	-1.0
Change (nominal)	(in %)	-6.7	3.7	10.0	-2.2
EBIT 2009	(in € million)	533	14	11	558
EBIT margin 2009	(in %)	16.5	1.9	1.1	11.1
EBIT 2008**	(in € million)	580	29	6	615
EBIT margin 2008**	(in %)	16.7	3.9	0.6	12.0

*Excluding prior-year sales by the divestments we made in 2008 (BODE Group, Futuro business).

**Excluding special factors due to divestments and the realignment of the Consumer Supply Chain.

Sales by the Consumer business segment recorded organic growth of 1.2% in 2009. Adjusted for currency translation effects, sales fell slightly by 1.0%. In nominal terms, sales reached €5,011 million, down 2.2% on the previous year (€5,125 million). EBIT amounted to €558 million (previous year excluding special factors: €615 million), while the corresponding EBIT margin was 11.1% (previous year: 12.0%).

Successful innovations and international relaunches of existing products that reflect the latest findings from our research activities enabled us to overcome the effects of the global economic crisis in some categories and to generate strong growth rates.

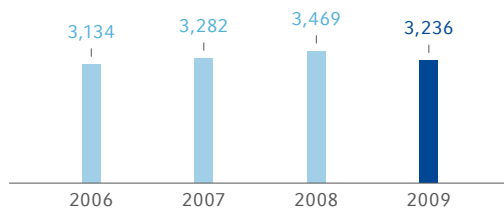
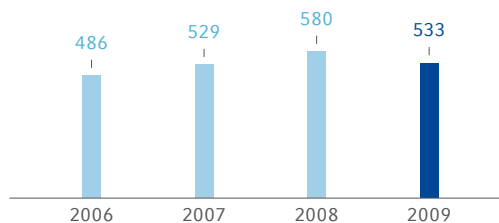
In 2009, NIVEA achieved organic growth of 1.3% worldwide. The key growth drivers were NIVEA Deodorant – which was especially boosted by the successful launch of the antiperspirant NIVEA FOR MEN Silver Protect – as well as NIVEA Bath Care and NIVEA Hair Styling. The launch of the NIVEA Shower Creme Oil range and the international expansion of NIVEA Hair Styling got off to an extremely good start. However, NIVEA Body Care sales declined.



see
Chart 11
Chart 12



see
Table 13

14 · CONSUMER SALES IN EUROPE
 // IN € MILLION

15 · CONSUMER EBIT IN EUROPE
 // IN € MILLION
 EXCLUDING SPECIAL FACTORS


Our Eucerin brand generated extremely strong growth of 6.5% despite a difficult environment. The main growth drivers here were the relaunch of the Eucerin Sun Protection range and the positive performance of the Eucerin Body series in the United States.

In the exclusive cosmetics segment, La Prairie was hit hard by the effects of the global economic crisis and recorded an 8.7% drop in sales. The newly launched La Prairie Cellular Cream Platinum Rare and the new La Prairie Swiss Cellular White series performed well. JUVENA's relaunch also met our expectations.

Our plaster brands came under pressure especially due to the strong growth of private label products and recorded a slight decline in sales. Sales growth was achieved in Germany and Latin America, while business generated by the Benelux/France Group and Italy was weaker.

Europe
16 · CONSUMER SALES IN EUROPE

		Germany	Western Europe (excluding Germany)	Eastern Europe	Total
Sales 2009	(in € million)	933	1,736	567	3,236
Change (organic)	(in %)	1.2	-3.9	1.7	-1.5
Change (adjusted for currency translation effects)	(in %)	-5.3	-4.4	1.1	-3.6
Change (nominal)	(in %)	-5.3	-5.2	-13.1	-6.7



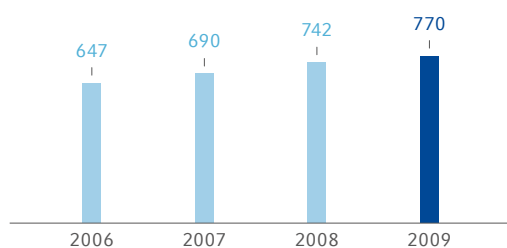
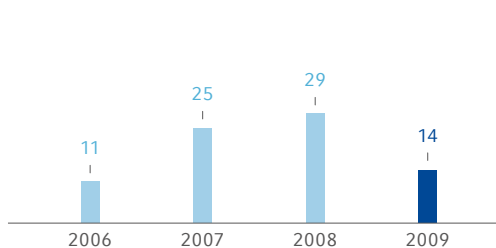
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Chart 14
Chart 15
Chart 26



see
Table 16

In Europe, sales in the Consumer business segment were down by 1.5% on the previous year on a like-for-like (organic) basis. Adjusted for currency translation effects only, the decline in sales amounted to 3.6%. At current exchange rates, sales decreased by 6.7% to €3,236 million (previous year: €3,469 million). EBIT for the Consumer business segment totaled €533 million (previous year excluding special factors: €580 million), while the corresponding EBIT margin was 16.5% (previous year: 16.7%).

Adjusted for prior-year sales by the BODE Group and the Futuro business, which were sold at the end of 2008, the Consumer business segment recorded sales growth of 1.2% in Germany. NIVEA Deodorant, NIVEA Shower, and NIVEA Hair Care made key contributions to sales. Florena also recorded extremely encouraging domestic sales, building on the momentum from its relaunch with growth of 6.4%.

17 · CONSUMER SALES IN THE AMERICAS
 // IN € MILLIONS

18 · CONSUMER EBIT IN THE AMERICAS
 // IN € MILLION
 EXCLUDING SPECIAL FACTORS


At -3.9%, organic sales in Western Europe (excluding Germany) were below the prior-year figure. Sales increased at the Nordic/Baltic Group and in Switzerland, but declined at the Benelux/France Group and the UK/Ireland Group. La Prairie was hit hardest by the slowdown in the economic environment, recording a clear drop in sales. NIVEA Deodorant and NIVEA Shower performed positively. Eucerin achieved encouraging growth of 5.5%. Sales by NIVEA Visage, NIVEA FOR MEN, and NIVEA Body Care declined.

In Eastern Europe, we reached an increase in sales of 1.7%. The main growth engines in Russia were NIVEA Deodorant and NIVEA Shower. In Poland, sales of NIVEA Baby and NIVEA Shower rose in particular. NIVEA Visage and NIVEA Hair Care saw a decline in sales in this region.

Americas
19 · CONSUMER SALES IN THE AMERICAS

		North America	Latin America	Total
Sales 2009	(in € million)	297	473	770
Change (organic)	(in %)	2.5	13.3	9.0
Change (adjusted for currency translation effects)	(in %)	-6.7	11.5	4.1
Change (nominal)	(in %)	-2.4	7.8	3.7

In the Americas, organic sales grew by 9.0% (previous year: 13.1%). Adjusted for currency translation effects only, sales growth amounted to 4.1%. At current exchange rates, sales rose by 3.7% to €770 million (previous year: €742 million). EBIT (€14 million) was impacted among other things by restructuring expenses relating to our North American production facilities (previous year excluding special factors: €29 million). The EBIT margin was 1.9% (previous year: 3.9%).

Organic sales growth in North America was up 2.5% on the previous year. The expansion of the NIVEA Shower range and sales of NIVEA Lip Care gave a significant boost to growth, offsetting the declines recorded by NIVEA Body Care and NIVEA FOR MEN. La Prairie continued to suffer from the substantial effects of the economic crisis in the United States, while Eucerin again achieved strong growth.

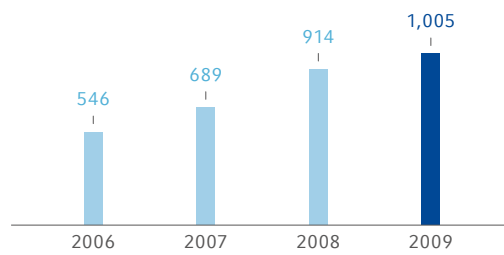


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Chart 17
Chart 18
Chart 26

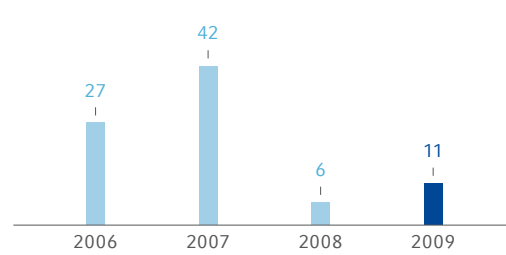


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Table 19

20 • CONSUMER SALES IN AFRICA/ASIA/AUSTRALIA // IN € MILLION



21 • CONSUMER EBIT IN AFRICA/ASIA/AUSTRALIA // IN € MILLION EXCLUDING SPECIAL FACTORS



In Latin America, we recorded double-digit organic growth of 13.3%. In addition to the key markets of Mexico (+7.6%) and Brazil (+14.4%), the Andean Group (+32.0%) and Argentina (+16.4%) made especially strong contributions to this increase. NIVEA Soap, NIVEA Deodorant, NIVEA Sun, and Eucerin reported the highest growth rates in this region.

Africa/Asia/Australia

22 • CONSUMER SALES IN AFRICA/ASIA/AUSTRALIA

		Total
Sales 2009	(in € million)	1,005
Change (organic)	(in %)	5.0
Change (adjusted for currency translation effects)	(in %)	4.6
Change (nominal)	(in %)	10.0



see
Chart 20
Chart 21
Chart 26

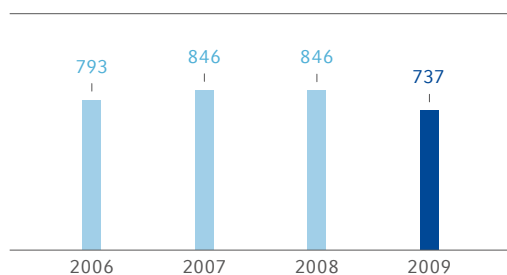


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Table 22

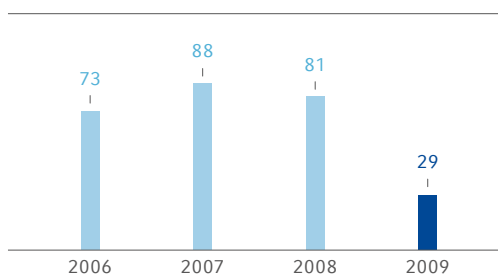
The Africa/Asia/Australia region generated (organic) sales growth of 5.0% on a like-for-like basis. Adjusted for currency translation effects only, sales increased by 4.6%. At current exchange rates, sales amounted to €1,005 million, up 10.0% on the previous year (previous year: €914 million). EBIT growth in this region remains impacted by strong marketing investments in the Chinese hair care business. Consumer EBIT in this region amounted to €11 million (previous year: €6 million), while the EBIT margin was 1.1% (previous year: 0.6%).

Our Chinese hair care brands – especially SLEK –, NIVEA FOR MEN, and Eucerin performed extremely well in this region. Bucking the general trend, La Prairie also did well. The China Group achieved strong growth of 12.7%; in addition to the hair care business with SLEK, NIVEA FOR MEN, NIVEA Visage, and NIVEA Body Care were especially successful. The La Prairie affiliates in Korea (+77.3%) and China (+31.1%), which were established in 2007, also recorded encouraging growth. Thailand saw sales growth of 7.8%, driven primarily by NIVEA Deodorant, NIVEA FOR MEN, and NIVEA Visage. Sales in Japan were down slightly on the previous year, with sales increases at NIVEA Sun and NIVEA Body Care not quite offsetting the slight decline at 8x4.

23 · TESA SALES // IN € MILLION



24 · EBIT TESA // IN € MILLION



tesa

25 · KEY FIGURES TESA BUSINESS SEGMENT

		Europe	Americas	Africa/Asia/ Australia	Total
Sales 2009	(in € million)	531	81	125	737
Change (organic)	(in %)	-12.4	-9.7	-12.3	-12.2
Change (adjusted for currency translation effects)	(in %)	-12.4	-9.7	-12.3	-12.2
Change (nominal)	(in %)	-14.4	-9.3	-8.2	-12.8
EBIT 2009	(in € million)	2	6	21	29
EBIT margin 2009	(in %)	0.3	7.6	16.9	3.9
EBIT 2008	(in € million)	52	8	21	81
EBIT margin 2008	(in %)	8.3	9.0	15.8	9.6

Sales in the tesa business segment fell sharply due to the crisis and, adjusted for currency translation effects, were 12.2% below the previous year. At current exchange rates, sales decreased by 12.8% to €737 million (previous year: €846 million). tesa sales declined in all regions. In a difficult economic environment, EBIT including expenses relating to capacity adjustment measures declined to €29 million (previous year: €81 million). The EBIT margin was 3.9% (previous year: 9.6%).

In the industrial segment, which accounts for 76% of sales, both the direct customer business and the distribution business experienced a slump in demand in all regions due to the economic crisis.

In its electronics industry business, the tesa business segment strengthened its market position in a difficult economic environment by offering a large number of new specialist products for the next generation of LCD displays. Among other things, the focus was on optically clear films that prevent light scattering and are used to assemble touch panels. These technically highly sophisticated products are manufactured under clean room conditions at an innovative facility that was commissioned at tesa's Hamburg-Hausbruch plant in Germany in spring 2009. Another innovation is heat-activated films that can also be processed at low temperatures and are used in notebooks.

In the area of system solutions for the automotive industry, which was particularly hard hit by the economic crisis, tesa continued to focus on products for permanently mounting emblems and trimming elements on vehicle bodywork and in vehicle interiors. To do this, it expanded its successful range of double-sided foam tapes. The company supplied customers with initial samples of high-performance tapes that were produced on the basis of ACXplus technology. This innovative process for solvent-free production of double-sided tapes, which was developed by tesa, is currently being set up at the Hamburg-Hausbruch plant.

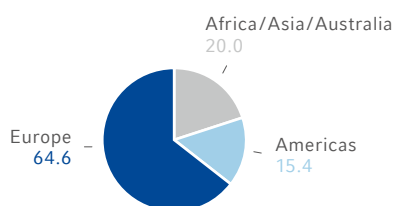


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Chart 23
Chart 24
Chart 27

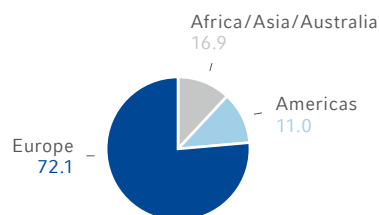


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Table 25

26 • CONSUMER SALES BY REGION // IN %



27 • TESA SALES BY REGION // IN %



New products were added to tesa's successful Softprint range for mounting printing plates in flexographic printing. They make the printing process more efficient while maintaining high printing quality, by allowing plates to be changed quickly and easily. An example of this is Softprint Secure, which also offers particularly secure adhesion at the edges of the printing plates.

tesa's activities to develop its new health markets business area focused on establishing and commissioning the clean room coating facility at its Hamburg-Hausbruch plant. These measures were completed in fiscal year 2009. The facility successfully passed the demanding approval process required for the manufacture of pharmaceutical products. Both the facility and the first samples of transdermal plaster systems and oral films produced by it were extremely well received by potential customers in the pharmaceuticals industry. The dosage forms developed by tesa's affiliate Labtec simplify and optimize the process of taking medication.

In its distribution business, tesa strengthened its product range for the painting segment by launching innovative products for special applications. Examples of this are a new painter's masking tape with a particularly fine paper backing for masking highly sensitive surfaces and a special masking tape for use in powder coating. tesa extended its range of cloth tapes to include various products designed for medium-stress applications.

tesa's consumer business was down slightly due to the economic situation, but outperformed the market as a whole. In Germany, tesa increased its high market share in all key product groups. In Eastern Europe, the company bucked the economic trend by recording growth after adjustment for currency translation effects in particular. Business in the home improvement sector in particular was stable. tesamoll products for sealing doors and windows again performed extremely well. We are supporting the trend toward energy saving by launching a new roof insulation system. In the office supplies and stationery sector, tesa's new range of extremely environmentally friendly products, which are made using recycled and biologically based raw materials and marketed under the EcoLogo sub-brand, was very well received. The launch of the company's Clean Air filter for laser printers was also extremely encouraging. The system, which prevents the emission of fine dust from laser printers, was developed in cooperation with the printer manufacturer Freudenberg and supports the trend toward sustainability and a healthy working environment.

28 • FINANCING STRUCTURE // IN %



Balance Sheet Structure – Group

29 • BALANCE SHEET – GROUP // IN € MILLION

Assets	Dec. 31, 2008	Dec. 31, 2009
Non-current assets	1,176	1,177
Inventories	634	561
Other current assets	2,045	2,089
Cash and cash equivalents	613	767
	4,468	4,594
Equity and liabilities	Dec. 31, 2008	Dec. 31, 2009
Equity	2,460	2,636
Non-current provisions	366	359
Non-current liabilities	242	173
Current provisions	363	391
Current liabilities	1,037	1,035
	4,468	4,594

Prior-year figures adjusted.

Non-current assets were on the prior year's level at €1,177 million. Capital expenditure amounted to €125 million, €84 million of which was attributable to the Consumer business segment and €41 million to tesa. Depreciation, amortization, and impairment losses were €135 million (previous year: €114 million). Inventories decreased to €561 million. Other current assets rose slightly to €2,089 million. They include securities of €955 million (previous year: €897 million). Cash and cash equivalents increased to €767 million. Net liquidity (cash, cash equivalents, and short-term securities less current financial liabilities) amounted to €1,564 million (previous year: €1,336 million).

The equity ratio increased to 57% (previous year: 55%). The share of non-current liabilities amounted to 12% (previous year: 13%) and the share of current liabilities to 31% (previous year: 32%).

The decrease in non-current liabilities is mainly due to the payment of the first tranche of the option to acquire the outstanding shares in C-BONS Hair Care and the disclosure of the second tranche under current liabilities.

see
Table 29

see
Chart 28

Financial Position – Group

30 · CASH FLOW STATEMENT – GROUP // IN € MILLION

	2008	2009
Gross cash flow	520	507
Change in working capital	-52	59
Net cash flow from operating activities	468	566
Net cash flow from investing activities	-794	-130
Free cash flow	-327	436
Net cash flow from financing activities	-175	-285
Other changes	-3	3
Net change in cash and cash equivalents	-504	154
Cash and cash equivalents as of Jan. 1	1,117	613
Cash and cash equivalents as of Dec. 31	613	767



see
Table 30

Gross cash flow amounted to €507 million in the year under review, €13 million below the prior-year value.

The change in working capital led to an inflow of €59 million (previous year: -€52 million). This was caused by the reduction of inventories by €73 million in particular. The net cash flow from operating activities reached €566 million, €98 million higher than the prior-year value.

The net cash outflow from investing activities amounted to €130 million in the year under review (previous year: €795 million). Capital expenditure of €125 million and net expenditure of €53 million for the purchase of securities were partially offset by income from the sale of non-current assets of €12 million, and interest and other financial cash inflows of €36 million. Payments of €897 million for the purchase of securities as well as cash inflows from divestments and the sale of non-current assets amounting to €224 million were included in the prior year.

Free cash flow rose by €763 million against the previous year and reached €436 million. Based on the dividend payment of €204 million, net repayments of financial liabilities of €34 million as well as interest and other financial cash outflows of €47 million, the net cash outflow from financing activities amounted to €285 million, €110 million above prior-year level. Cash and cash equivalents reached €767 million.

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.

The Group's Economic Situation – Summary

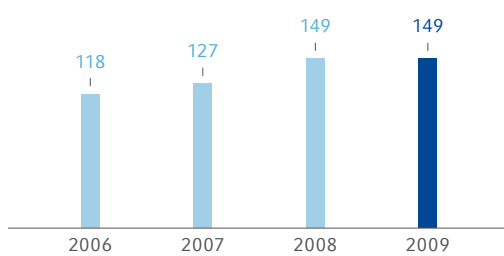
2009 was a difficult year. The global economic and financial crisis proved very challenging for society and the economy in many countries. Although Beiersdorf, too, could not avoid this development, it was able to hold its ground. However, the changed economic conditions and fiercer competition led to our Company being unable to maintain its normal pace of growth in 2009. Our performance data showed a continuous improvement over the year as a whole. We generated sales of €5,748 million (previous year: €5,971 million). At -0.7% on a like-for-like basis, after adjustment for currency translation effects, this was down only slightly on the record sales seen in 2008. EBIT amounted to €587 million (previous year excluding special factors: €696 million).

This business development allowed Beiersdorf to meet its forecasts for the year in a difficult environment as well as maintaining key performance indicators such as sales and EBIT return at high levels. The Consumer business segment again saw a rise in sales of 1.2% overall after an initial drop. tesa was down on its strong prior-year levels, even for the year as a whole, although it did manage to expand its market position. Cost-caps and cost-cutting measures were implemented quickly and effectively in the business segments. Investments in marketing and research and development were maintained. The EBIT margin was maintained in the double-digit range, at 10.2%. Our focus on our core business has proven to be the correct decision, especially in challenging economic times. We were able to increase our market share in many countries despite the challenging economic environment.

Judgements by Management

No accounting policies or valuation methods and connected options were exercised in the consolidated financial statements that differ from those in prior years and, if exercised or structured differently, would have had a material effect on the results of operations, balance sheet structure, and financial position. Information on effects resulting from estimates, assumptions and judgements by management can be found in the notes to the consolidated financial statements.

31 • **R&D EXPENSES** // IN € MILLION
(R&D = RESEARCH & DEVELOPMENT)



Research and Development

Our research competence is the basis for the success of our brands in their competitive environment worldwide. More than 125 years of expertise in the areas of research and development have made us a company whose innovations in the skin and beauty care market repeatedly set standards and differentiate us from our competitors. We develop forward-looking products that are tailored to meet consumers' wishes and that offer outstanding tolerance and excellent quality. tesa's innovative strength also gives it a leading international position in the area of modern, self-adhesive system and product solutions.



see
Chart 31

In fiscal year 2009, Beiersdorf invested a total of €149 million in research and development, maintaining its prior-year level. 868 people were employed in this area worldwide (previous year: 926 employees). 551 of these (previous year: 588) were in the Consumer business segment and 317 (previous year: 338) at tesa.

Consumer

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

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

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



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Research

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

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

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

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

- **La Prairie Cellular Cream Platinum Rare:** This new skin care product helps boost the skin's natural DNA regeneration mechanism and prevent cell damage, thus helping protect against premature skin aging.
- **La Prairie Swiss Cellular White Triple Action Concentrated Essence:** This skin care product with whitening effect treats skin pigmentation in several stages.

- **JUVENA of Switzerland:** Thanks to our new SkinNova SC Technology, which combines SkinNova Technology with a patented stem cell peptide, all JUVENA skin care products support the production of fresh, new skin cells.

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

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

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

tesa

Our research and development activities in the year under review continued to focus on developing and improving environmentally friendly, solvent-free adhesive substances and coating processes. We are working on innovative systems for the permanent mounting during manufacturing of heavy components that need to withstand extreme stress and be highly weather resistant. tesa is also reacting to the increasing demands in the electronics and health markets business areas with new processes for the production of high-precision, ultra-clean adhesive tapes.

Various sectors benefited from our developments in fiscal year 2009. For the electronics industry, we worked on special adhesive tapes for tomorrow's electronics applications that are based on organic components that permit flexible processing. The new adhesive tapes are coated with high-performance adhesive substances that encapsulate the electronics and offer reliable protection against damage from water vapor and air.

For the automotive industry we developed new adhesive substances and manufacturing processes for surface protection films. Not only did we optimize these films for future coating systems; they also offer automotive manufacturers extra added value as they are easier to deploy in the production process.

Together with a laser systems manufacturer, tesa developed a high-performance permanent inscription process for use in glass processing and the high-growth solar industry. The inscription is applied to the surface of the glass with the help of a laser and a specially-coated transfer film. It offers high resolution, cannot be forged or manipulated, and does not damage the surface of the glass.

In our new focus area health markets we are working on transdermal therapy systems. These are medicated plasters, whose active ingredients are absorbed through the skin and are transported directly to where they are needed in the body via the bloodstream. The area is also working on new ways to manufacture high-precision laminates for diagnostic strips that can be used to easily and quickly test diabetics' blood. The high degree of accuracy that these offer allow simpler handling and are therefore less invasive for the patient.

We developed adhesive products made from renewable and recycled raw materials for consumers. These meet the increasingly demanding European requirements for environmentally friendly products and manufacturing processes.

We intend to systematically continue our extensive research and development activities in the current fiscal year and to continuously expand and optimize our product portfolio.

Sustainability

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

Consumer

For us, sustainability entails combining economic success with environmentally compatible and socially balanced activities. These three areas are equally important to us. A dedicated steering committee, the Sustainability Advisory Board (SAB), coordinates all activities throughout the Company and across all departments in the areas of sustainable business management, environmental protection and occupational safety, our commitment to society, and our dialog with our stakeholders. They regularly discuss current developments, take strategic decisions, set targets, and initiate the necessary activities.



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Sustainability_
Strategy

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

- **Superior Brands:**
 - We align the development of our products with the wishes of our consumers.
 - We guarantee consumer safety by using safe raw materials and by ensuring high product quality.
 - We build on the latest scientific findings when developing new products and their packaging to incorporate the aspects of reusability and waste reduction.
- **Superior Supply Chain:**
 - We comply with all relevant regulations worldwide during the manufacture of our products.
 - We reduce resource utilization through efficient production and modern building technology.
 - We invest in environmentally friendly technology and take precautionary measures to ensure climate and water protection and soil conservation.
 - We optimize transportation routes to our customers and use state-of-the-art logistics.
 - We safeguard and improve quality by entering into long-term alliances with our partners.
 - We require our suppliers to commit themselves to sustainability.
- **Clear Geographical Focus:**
 - We specifically adapt our product range to local requirements and consumer wishes.
 - We align our corporate social activities with local social structures and customs.

– **Superior Talent in Lean Organization:**

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

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

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



Beiersdorf.com/
Sustainability



Sustainability.
Beiersdorf.com/
Environmental
Protection

Environmental Protection and Occupational Safety

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

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



Sustainability.
Beiersdorf.com/
Occupational_
Safety

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



Sustainability.
Beiersdorf.com/
Society

Social Responsibility

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

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

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

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



tesa.com/
Code_of_Conduct

tesa

Taking responsibility for employees, society, and the environment has traditionally been one of tesa's guiding principles. In 2008 we adopted the "tesa Code of Conduct", which reflects both the values practised by tesa and the principles of the UN Global Compact, and introduced it throughout the company. The Code is available at www.tesa.com/Code_of_Conduct and was extended in 2009 as part of the company's management training activities. Our drive towards sustainability in our commercial activities also forms the basis for cooperation with our suppliers. This is why we adopted the "tesa Purchasing Charta" in fiscal year 2008, which comprises globally binding minimum standards. A large proportion of our key suppliers signed up to this document in 2009. tesa nominates and qualifies new suppliers according to the criteria laid down in its Purchasing Charta. The main aim of cooperation is to ensure a process of continuous improvement with regard to responsible business activities. This entails setting joint goals and monitoring progress – in some cases through site visits.

At tesa, economics and ecology are not mutually exclusive – they are equally important business goals. Despite the difficult economic conditions, we continued to make progress in implementing our second environmental program in 2009. In particular, we have reduced VOC (volatile organic compound) emissions by a total of 30% since the program was launched in 2007 – measured in terms of continuous product volumes. In the same period, we also cut the amount of solvents used in our products by 7%.

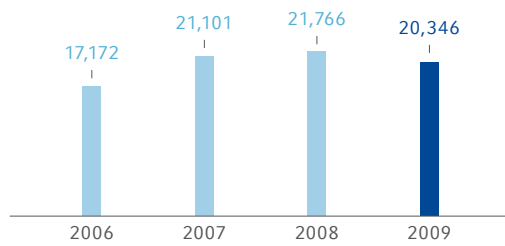
In the area of occupational safety, tesa succeeded in continuing the positive trend of recent years in 2009. Regular employee training helped further reduce the number of days lost due to accidents at work that are required to be reported, and helped keep the number of accidents at an extremely low level. Another contributing factor is that, throughout the world, tesa complies with occupational safety guidelines that are based on the international OHSAS 18001 standard.



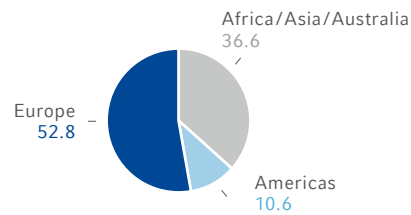
tesa.com/
Responsibility

In 2009, the intensive social commitment shown by tesa SE and its affiliates was again reflected in numerous projects set up in line with the "tesa Corporate Giving Policy", which was developed in 2007. We primarily focused on helping disadvantaged children and young people by providing donations and sponsorship, and by doing voluntary work. For example, the company supported an initiative designed to help children learn to read called "MENTOR – die Leselernhelfer Hamburg e.V.". In addition to funding so-called mentor-pupil tandems, the project allows our employees to volunteer as active "reading helpers", and in some cases they are given time off work for this. In China, staff at the tesa plant in Suzhou help children of migrant workers at the Suzhou Sunshine School. Among other things, they organize charity bazaars, joint learning groups, and leisure activities. tesa provides scholarships and supports tuition by donating money and equipment such as computers. We document all our sustainability activities in an annual report that has also been available in electronic form since 2009. It can be downloaded at www.tesa.com/Responsibility.

32 · EMPLOYEES – GROUP
AS OF DEC. 31



33 · EMPLOYEES BY REGION // IN %
AS OF DEC. 31, 2009; TOTAL: 20,346 EMPLOYEES



Employees

Our employees are the basis for the success and strength of our Company. We offer them the scope and the challenge to help shape our business. We put in place a variety of development programs and paths to enhance our staff's professional and personal skills. This applies equally to the Consumer and tesa business segments.

As of the reporting date, we employed a total of 20,346 staff (previous year: 21,766) – 16,648 in the Consumer business segment (previous year: 17,865) and 3,698 in the tesa business segment (previous year: 3,901). The number of vocational training positions and trainees worldwide was 539 (previous year: 528).

see
Chart 32
Chart 33

Consumer

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

Beiersdorf.com/
Career

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

The international roadmap is broken down into seven strategic programs:

1. **Attract and Manage Talent.** We are increasing our attractiveness as an employer so as to find and retain suitable talent. We need talented employees to ensure our continued success. The successful measures implemented in line with this strategic goal include our global "Employer Branding" program, which attracts new employees on the labor market in a variety of ways and retains qualified employees for the Company. Related measures include targeted initiatives at selected universities and our "CLOSE2B" student outreach program. We launched our "Employer Branding" project at the Group's 16 most important companies, including China, Russia, and Brazil, in fiscal year 2009 and will continuously expand and optimize the project's activities and concepts.
2. **Expand Leadership and Functional Development.** We aim to strategically develop our business and our key employees. This includes expanding both professional development opportunities and management training. "Leading for Success" is a focus area of this initiative that is designed to improve and further expand Beiersdorf's approach to executive development. Among other things, this entails defining clear career paths and development opportunities for all employees, therefore motivating employees and ensuring access to the required young executive talent. Our "Next Level" program gives dedicated young people the chance to take responsibility for shaping their career at Beiersdorf on their own responsibility and to identify possible promotion

paths and goals. The concept, which was launched in 2008, is a key component in retaining talented high potentials. We aim to roll out this program to all Beiersdorf affiliates by 2011.

3. **Foster Performance Orientation.** This strategic program aims to increase performance orientation and reward good performance appropriately. To achieve this, we will evaluate functions, gather total remuneration data, and develop guidelines for performance management, for example.
4. **Manage Change and Organizational Development.** Beiersdorf is currently undergoing a period of change. The Human Resources department is supporting this process by providing practical assistance, such as in the form of an organizational project, which will create a uniform organizational standard for our European affiliates.
5. **Transforming HR into a Strategic Partner.** We are convinced that Human Resources must achieve excellence in its work. This requires HR's staff to be familiar with and understand the areas they look after. This is why we have introduced "Business Partners": All affiliates and functions now have specialist contacts who advise them on personnel issues and have expertise in the functions or regions in question.
6. **Advance Beiersdorf Culture.** The goal of this strategic program is to identify what is special about our corporate culture and establish how to enhance it.
7. **Maintain Good Labor Relations.** Good relations between an employer and employees are one of the key requirements for long-term business success. It requires the creation of mutual understanding and the promotion of constructive cooperation between the management and the works council. A number of our projects therefore focus on harmonizing working relationships across Europe and developing a sustainable HR policy for Germany.

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

tesa

In the year under review, tesa's Human Resources department focused mainly on implementing measures to counter the effects of the economic crisis on the company. We were forced to adjust our capacity in all regions to reflect reduced utilization and the significant decline in sales. As a result, tesa introduced short-time working in Germany, Italy, and Switzerland. In other countries where this or a similar instrument was not available, the necessary adjustments were made in a socially responsible manner using unpaid leave, salary waivers, or retirement arrangements, depending on the legal situation. Above and beyond this, however, we unfortunately could not avoid reducing a moderate number of jobs in many countries. The total number of employees therefore fell to 3,698 (previous year: 3,901).

We intensified the initial training and continuous professional development measures at our new production facilities in our Hamburg-Hausbruch plant to drive forward the launch of our new, attractive health markets business area. In particular, we prepared our staff in the new clean room technology area to work under good manufacturing practice (GMP) conditions. These guidelines define quality assurance in production workflows for pharmaceuticals, active ingredients, and medical products.

Despite the difficult economic situation, we stepped up the training program for sales staff in fiscal year 2009 that we had rolled out to all regions in 2008. 570 employees attended 32 training sessions lasting several days that included both technical training and continuous professional development in all sales processes. The project team is preparing to roll out the program to other business areas once the crisis ends and hence to provide even greater support for day-to-day sales activities. In addition, the Human Resources department developed training programs that are designed to support and facilitate new product launches in 2010.

Corporate Governance Statement

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

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



Beiersdorf.com/
Corporate_
Governance

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

I. Declaration of Compliance

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



Beiersdorf.com/
Declaration_of_
Compliance

The following declaration was made permanently accessible to the shareholders 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 2009, Beiersdorf Aktiengesellschaft complied with, and continues to comply with, all recommendations of the "Government Commission on the German Corporate Governance Code" in the versions dated June 18, 2009 and June 6, 2008 respectively, with the following exception:

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

Hamburg, December 2009

For the Supervisory Board

—

PROF. DR. REINHARD PÖLLATH
CHAIRMAN OF THE
SUPERVISORY BOARD

For the Executive Board

—

THOMAS-B. QUAAS
CHAIRMAN OF THE
EXECUTIVE BOARD

DR. BERNHARD DÜTTMANN
MEMBER OF THE
EXECUTIVE BOARD

II. General Information on Beiersdorf's Management Structure

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

1. The Supervisory Board

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

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

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

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

Supervisory Board members should not be older than 72 years.

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

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

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

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

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

The composition of the Executive Board, the Supervisory Board, and the Supervisory Board's committees can be found on our website at www.Beiersdorf.com/Boards and on page 121f. of this Annual Report.

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



see
Page 121f.



[Beiersdorf.com/
Boards](http://Beiersdorf.com/Boards)

2. The Executive Board

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

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

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

3. The Annual General Meeting

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

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

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

III. Remuneration Report

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

1. Remuneration of the Executive Board

a) Responsibility of, and resolutions by, the Supervisory Board regarding the remuneration of the Executive Board

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

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

b) Overview of the remuneration of the Executive Board

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

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

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

c) Remuneration of the Executive Board for fiscal year 2009 in more detail

aa) Fixed remuneration

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

bb) STI and LTI

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

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

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

cc) MTI

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

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

dd) Other

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

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

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

ee) Overviews of individual Executive Board Remuneration
34 · TOTAL REMUNERATION OF THE EXECUTIVE BOARD FOR ACTIVITIES IN THE FISCAL YEAR 2009
 // IN € THOUSAND

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

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

** The figures given here for the LTI correspond to the remuneration added to the LTI in fiscal year 2009.

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

Other
(Non-cash benefits arising from
the provision of company cars
and the payment of insurance
premiums, among other things)

		Total		Additions to pension provisions		Additions to MTI provisions
2008	2009	2008	2009	2008	2009	2009
16	15	1,333	1,138	152	162	679
9	9	846	706	75	89	424
14	14	872	716	93	99	424
12	14	912	776	80	82	448
12	10	780	781	71	78	422
–	3	–	449	–	–	224
63	65	4,743	4,566	471	510	2,621

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

35 · IN € THOUSAND

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

ff) Former members of the Executive Board and their dependants

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

d) New system of remuneration for the Executive Board as of fiscal year 2010

In its meetings on November 19, 2009 and February 8, 2010, the Supervisory Board resolved the following changes to the Executive Board's remuneration system:

aa) Remuneration 2010

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

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

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

bb) Potential remuneration system as of 2011

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

2. Remuneration of the Supervisory Board

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

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

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

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

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

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

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

* This includes the fixed remuneration component and the additional remuneration for membership of Supervisory Board committees.

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



Beiersdorf.com/
Directors_
Dealings

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

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

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

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

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

V. Further Information on Corporate Governance at Beiersdorf

More 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.

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

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



Beiersdorf.com/
Strategy

B. Corporate Governance Practices

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

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



Beiersdorf.com/
Compliance_
Principles

Compliance

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



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Sustainability

In our Sustainability Guidelines, we set out our values and our economic, ecological, and social responsibility. Further information on this and our sustainability strategy can be found in the Sustainability Report (page 44f. of this Annual Report) and at www.Sustainability.Beiersdorf.com/Sustainability_Guidelines.



Sustainability.
Beiersdorf.com/
Sustainability_
Guidelines

Human Resources Policy

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

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



Sustainability.
Beiersdorf.com/
HR_Policy

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

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



Sustainability.
Beiersdorf.com/
Management_
Commitments

Risk Management

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

Further information can be found in the Risk Report on page 70ff. of this Annual Report and in the online version at www.Annual_Report.Beiersdorf.com/Risik_Report.



see
Page 70ff.



Annual_Report.
Beiersdorf.com/
Risk_Report

Risk Report

Integrated Risk and Opportunity Management System

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

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

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

Our Risk Profile

Strategic and Sector-specific Risks

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

Innovations based on strong research and development are a precondition for consumer acceptance of our products, and for the 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. By developing and implementing the "Consumer Insights" process, we have laid the groundwork for identifying consumer wishes even faster and reflecting them in the products we develop. This also counteracts the growing retail concentration and the regional emergence of private label products.

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

Performance and IT Risks

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

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

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

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

Financial Risks

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

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

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

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

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

Other Risks

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

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

Summary of the Group's Risk Situation

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

Report by the Executive Board on Dealings among Group Companies

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

Report on Post-Balance Sheet Date Events

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

Disclosures of Takeover Provisions

The disclosures required under § 315 (4) *Handelsgesetzbuch* (German Commercial Code, *HGB*) are presented below.



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Page 117ff.

Please refer to page 105 of the notes to the consolidated financial statements for the disclosures on the composition of the subscribed capital and to page 117ff. of the notes to the consolidated financial statements for the disclosures on direct or indirect interests in the share capital exceeding 10% of the voting rights. In addition to this Michael Herz, Germany, informed the Executive Board that further shares in Beiersdorf Aktiengesellschaft are attributable to him and that he directly holds shares in Beiersdorf Aktiengesellschaft. In total the share of voting rights of Michael Herz amounts to 60.46% in Beiersdorf Aktiengesellschaft (including 9.99% own shares held by Beiersdorf Aktiengesellschaft, which do not carry voting or dividend rights).

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

The Annual General Meeting on May 18, 2005 authorized the Executive Board, with the approval of the Supervisory Board, to increase the share capital in the period until May 17, 2010 by up to a total of €87 million (Authorized Capital I: €45 million; Authorized Capital II: €21 million; Authorized Capital III: €21 million) by issuing new bearer shares on one or several occasions. In this context, the dividend rights for new shares may be determined by a different method than that set out in § 60 (2) *AktG*.

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

1. to eliminate fractions created as a result of capital increases against cash contributions (Authorized Capital I, II, III);
2. to the extent necessary to grant the holders/creditors of convertible bonds or bonds with warrants issued by Beiersdorf AG, or companies in which it holds a direct or indirect majority interest, preemptive rights to new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation (Authorized Capital I, II, III);

3. to issue new shares at an issue price that is not materially lower than the quoted market price of existing listed shares at the time when the issue price is finalized, which should be as near as possible to the time the shares are placed; in the context of the restriction of this authorization to a total of 10% of the share capital, those shares must be included for which the preemptive rights of shareholders are disappplied in accordance with § 186 (3) sentence 4 *AktG* when the authorization to sell own shares is utilized and/or when the authorization to issue convertible bonds and/or bonds with warrants is utilized (Authorized Capital II);
4. in the case of capital increases against non-cash contributions, for the purpose of acquiring companies or equity interests in companies (Authorized Capital III).

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

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

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

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

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

By way of a resolution of the Annual General Meeting on April 30, 2009, Beiersdorf AG was authorized in accordance with § 71 (1) no. 8 *AktG* to purchase own shares in the total amount of up to 10% of the existing share capital in the period up to October 29, 2010. The shares shall be purchased via the stock exchange or via a public purchase offer addressed to all shareholders. By way of a resolution dated April 30, 2009, the Annual General Meeting also authorized the Executive Board,

with the approval of the Supervisory Board, to sell in whole or in part the own shares purchased on the basis of the above-mentioned or a prior authorization while disapplying the shareholders' preemptive rights including in a way other than via the stock exchange or via a purchase offer to all shareholders, to the extent that these shares are sold for cash at a price that does not fall materially below the market price of the same class of shares of the Company at the time of the sale. The Executive Board is also authorized, with the approval of the Supervisory Board, to utilize the above-mentioned own shares in whole or in part as consideration or partial consideration in the context of a merger or the acquisition of companies, equity interests in companies (including increases in equity interests), or business units of companies, while disapplying the preemptive rights of shareholders. Moreover, the Executive Board is authorized, with the approval of the Supervisory Board, to utilize the above-mentioned own shares in whole or in part, while disapplying the preemptive rights of shareholders, in order to satisfy the subscription and/or conversion rights from convertible bonds and/or bonds with warrants issued by the Company or companies in which it holds a direct or indirect majority interest. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to retire the above-mentioned own shares without requiring an additional resolution by the Annual General Meeting.

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

Report on Expected Developments

Expected Macroeconomic Developments

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

We expect slight growth in the United States, Western Europe, and Germany in 2010. We believe that momentum will pick up again in the growth regions of Asia (excluding Japan), Eastern Europe, and Latin America but that it will not yet return to its original level. We expect that consumer spending will increase only slightly in the coming year. The effects of the crisis will remain clear to see in key industrial segments, such as the automotive industry.

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

Sector Developments

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

Following the slump in 2009, we do not expect the global adhesive tape market to regain 2008 levels in 2010 or possibly even in 2011, either. We believe that Asia, Latin America, and Eastern Europe will quickly return to their pre-crisis growth levels, while the recovery process in Western Europe and North America will last several years and be at a significantly reduced level.

Our Market Opportunities

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

Business Developments

Our assessment of business developments in the coming years is based on the above assumptions. We aim for the **Group's** organic growth to continue to outperform the market, based on our existing focus, and we also aim to increase the EBIT margin again.

In the coming years, the goal of the **Consumer** business segment will achieve organic growth that is clearly in excess of the market. We continue to see China, Russia, and Brazil as particular growth regions. We believe that these fast-growing markets offer good opportunities to significantly increase our market share in the coming years. In China in particular, we will continue to promote sales growth by our new Chinese hair care and styling brands with strong investments in marketing. We aim to increase our EBIT margin again in the coming years.

Although the difficult market environment caused by the crisis is set to continue, **tesa** expects its sales growth to slightly exceed the market in the coming years. We continue to believe that the company's overall market position is extremely stable due to its sustained high innovation rate and continuous investments in development, production, and marketing structures. To further strengthen tesa's market position, we shall rigorously drive forward investment projects. We expect that the measures initiated in 2009 will make an impact and that the EBIT margin will improve in the next years against 2009.

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

Hamburg, February 9, 2010

Beiersdorf AG
The Executive Board

03

ANNUAL REPORT 2009

Consolidated Financial Statements



[www.Annual_Report.Beiersdorf.com/
Consolidated_Financial_Statements](http://www.Annual_Report.Beiersdorf.com/Consolidated_Financial_Statements)

Consolidated Income Statement

IN € MILLION

	Note	2008	2009
Sales	01	5,971	5,748
Costs of goods sold		-1,979	-1,882
Gross profit		3,992	3,866
Marketing and selling expenses	02	-2,874	-2,766
Research and development expenses		-149	-149
General and administrative expenses	03	-292	-283
Other operating income	04	108	94
Other operating expenses	05	-89	-175
Special factors relating to divestments	06	96	-
Special factors relating to the realignment of the Consumer Supply Chain	06	5	-
Operating result (EBIT)		797	587
Interest income	07	47	21
Interest expense	07	-14	-15
Net pension result	07	8	-2
Other financial result	07	-16	-8
Financial result	07	25	-4
Profit before tax		822	583
Taxes on income	08	-255	-203
Profit after tax		567	380
Profit attributable to equity holders of Beiersdorf AG		562	374
Profit attributable to minority interests	09	5	6
Basic/diluted earnings per share (in €)	10	2.48	1.65

Statement of Comprehensive Income

IN € MILLION

	2008	2009
Profit after tax	567	380
Remeasurement gains and losses on cash flow hedges	26	-38
Deferred taxes on remeasurement gains and losses on cash flow hedges	-11	16
<i>Remeasurement gains and losses on cash flow hedges recognized in other comprehensive income</i>	15	-22
Remeasurement gains and losses on available-for-sale financial assets	6	2
Deferred taxes on remeasurement gains and losses on available-for-sale financial assets	-2	-1
<i>Remeasurement gains and losses on available-for-sale financial assets recognized in other comprehensive income</i>	4	1
Exchange differences	-29	27
Other items recognized in other comprehensive income	8	-
Deferred taxes on other items recognized in other comprehensive income	-4	-
<i>Remeasurement gains and losses on other items recognized in other comprehensive income</i>	4	-
Other comprehensive income net of tax	-6	6
Total comprehensive income	561	386
Of which attributable to		
– Equity holders of Beiersdorf AG	554	380
– Minority interests	7	6

Consolidated Balance Sheet

IN € MILLION

Assets	Note	Dec. 31, 2008	Dec. 31, 2009
Intangible assets*	12	398	382
Property, plant, and equipment	13	727	725
Non-current financial assets		11	10
Other non-current assets		4	2
Deferred tax assets	8	36	58
Non-current assets		1,176	1,177
Inventories	14	634	561
Trade receivables	15	894	906
Other current financial assets		128	91
Income tax receivables		45	41
Other current assets		81	96
Securities	16	897	955
Cash and cash equivalents	17	613	767
Current assets		3,292	3,417
		4,468	4,594
Equity and liabilities	Note	Dec. 31, 2008	Dec. 31, 2009
Share capital	19	252	252
Additional paid-in capital	22	47	47
Retained earnings	23	2,280	2,450
Accumulated other consolidated income	24	-129	-123
Equity attributable to equity holders of Beiersdorf AG		2,450	2,626
Minority interests	25	10	10
Equity		2,460	2,636
Provisions for pensions and other post-employment benefits	26	235	221
Other non-current provisions	27	131	138
Non-current financial liabilities	28	72	7
Other non-current liabilities	28	6	5
Deferred tax liabilities*	8	164	161
Non-current liabilities		608	532
Other current provisions	27	363	391
Income tax liabilities		99	107
Trade payables	28	690	699
Other current financial liabilities	28	174	158
Other current liabilities	28	74	71
Current liabilities		1,400	1,426
		4,468	4,594

*Prior-year figures adjusted.

Consolidated Cash Flow Statement

IN € MILLION

	2008	2009
Operating result (EBIT)	797	587
Income taxes paid	-215	-205
Depreciation and amortization	114	135
Change in non-current provisions (excluding interest)	-32	-9
Gain/loss on disposal of property, plant, and equipment, and intangible assets	-144	-1
Gross cash flow	520	507
Change in inventories	-36	73
Change in receivables and other assets	-121	-2
Change in liabilities and current provisions	105	-12
Net cash flow from operating activities	468	566
Investments	-161	-125
Cash outflows for acquisitions (less acquired cash)	-18	-
Proceeds from divestments and the sale of non-current assets	224	12
Payments for the purchase of securities	-897	-804
Proceeds from the sale of securities	-	751
Interest received	47	18
Proceeds from dividends and other financing activities	11	18
Net cash flow from investing activities	-794	-130
Free cash flow	-326	436
Proceeds from loans	110	75
Loan repayments	-82	-109
Interest paid	-11	-15
Other financing expenses paid	-27	-26
Cash dividends paid (Beiersdorf AG)	-159	-204
Cash dividends paid (minority interests)	-6	-6
Net cash flow from financing activities	-175	-285
Effect of exchange rate fluctuations on cash held	-3	3
Net change in cash and cash equivalents	-504	154
Cash and cash equivalents as of Jan. 1	1,117	613
Cash and cash equivalents as of Dec. 31	613	767

Statement of Changes in Equity

IN € MILLION

	Share capital	Additional paid-in capital	Retained earnings*
Jan. 1, 2008	252	47	1,877
Total comprehensive income for the period	–	–	562
Dividend of Beiersdorf AG for previous year	–	–	–159
Dividend of minority interests for previous year	–	–	–
Dec. 31, 2008 = Jan. 1, 2009	252	47	2,280
Total comprehensive income for the period	–	–	374
Dividend of Beiersdorf AG for previous year	–	–	–204
Dividend of minority interests for previous year	–	–	–
Dec. 31, 2009	252	47	2,450

* The cost of treasury shares amounting to €955 million has been deducted from retained earnings.

Accumulated other consolidated income							
	Currency translation adjustment	Hedging instruments from cash flow hedges	Available-for-sale financial assets	Miscellaneous components of other comprehensive income	Total attributable to equity holders	Minority interests	Total
	-123	6	-	-4	2,055	9	2,064
	-31	15	4	4	554	7	561
	-	-	-	-	-159	-	-159
	-	-	-	-	-	-6	-6
	-154	21	4	-	2,450	10	2,460
	27	-22	1	-	380	6	386
	-	-	-	-	-204	-	-204
	-	-	-	-	-	-6	-6
	-127	-1	5	-	2,626	10	2,636

Consolidated Segment Reporting

IN € MILLION

Business segments 2009		Consumer	tesa	Group
Net sales		5,011	737	5,748
Change (nominal)	(in%)	-2.2	-12.8	-3.7
Change (adjusted for currency translation effects)	(in%)	-1.0	-12.2	-2.6
Share of Group sales	(in%)	87.2	12.8	100.0
EBITDA		654	68	722
Operating result (EBIT)		558	29	587
As % of sales		11.1	3.9	10.2
Gross operating capital		2,237	477	2,714
Operating liabilities		1,175	160	1,335
EBIT return on net operating capital	(in%)	52.6	9.1	42.6
Gross cash flow		440	67	507
Capital expenditure		84	41	125
Depreciation, amortization, and impairment losses		96	39	135
Research and development expenses		116	33	149
Employees	(as of Dec. 31, 2009)	16,648	3,698	20,346

Business segments 2008		Consumer	tesa	Group
Net sales		5,125	846	5,971
Change (nominal)	(in%)	10.0	0.0	8.4
Change (adjusted for currency translation effects)	(in%)	12.3	1.3	10.6
Share of Group sales	(in%)	85.8	14.2	100.0
EBITDA		805	106	911
Operating result (EBIT)		716	81	797
As % of sales		14.0	9.6	13.4
Operating result (EBIT, excluding special factors)*		615	81	696
As % of sales		12.0	9.6	11.7
Gross operating capital		2,355	480	2,835
Operating liabilities		1,211	128	1,339
EBIT return on net operating capital	(in%)	62.6	23.6	53.6
Gross cash flow		450	70	520
Capital expenditure		122	36	158
Depreciation, amortization, and impairment losses		89	25	114
Research and development expenses		123	26	149
Employees	(as of Dec. 31, 2008)	17,865	3,901	21,766

* The special factors relate to income from and expenses for the realignment of the Consumer Supply Chain and income from divestments.

IN € MILLION

Regions 2009	Europe	Americas	Africa/Asia/ Australia	Group
Net sales	3,767	851	1,130	5,748
Change (nominal) (in%)	-7.9	2.3	7.6	-3.7
Change (adjusted for currency translation effects) (in%)	-4.9	2.6	2.4	-2.6
Share of Group sales (in%)	65.5	14.8	19.7	100.0
EBITDA	640	31	51	722
Operating result (EBIT)	535	20	32	587
As % of sales	14.2	2.4	2.8	10.2
Gross operating capital	1,765	358	591	2,714
Operating liabilities	910	152	273	1,335
EBIT return on net operating capital (in%)	62.6	10.0	9.9	42.6
Gross cash flow	477	10	20	507
Capital expenditure	93	13	19	125
Depreciation, amortization, and impairment losses	105	11	19	135
Research and development expenses	146	1	2	149
Employees (as of Dec. 31, 2009)	10,741	2,152	7,453	20,346
Regions 2008	Europe	Americas	Africa/Asia/ Australia	Group
Net sales	4,090	832	1,049	5,971
Change (nominal) (in%)	4.6	6.3	28.7	8.4
Change (adjusted for currency translation effects) (in%)	5.4	11.9	34.2	10.6
Share of Group sales (in%)	68.5	13.9	17.6	100.0
EBITDA	795	64	52	911
Operating result (EBIT)	711	53	33	797
As % of sales	17.4	6.4	3.1	13.4
Operating result (EBIT, excluding special factors)*	632	37	27	696
As % of sales	15.4	4.5	2.6	11.7
Gross operating capital	1,943	331	561	2,835
Operating liabilities	901	122	316	1,339
EBIT return on net operating capital (in%)	68.8	25.6	13.4	53.6
Gross cash flow	462	36	22	520
Capital expenditure	116	13	29	158
Depreciation, amortization, and impairment losses	84	10	20	114
Research and development expenses	144	2	3	149
Employees (as of Dec. 31, 2008)	11,194	2,431	8,141	21,766

*The special factors relate to income from and expenses for the realignment of the Consumer Supply Chain and income from divestments.

Significant Accounting Policies

Information on the Company and on the Group

The registered office of Beiersdorf AG is at Unnastrasse 48 in Hamburg (Germany) and the Company is registered with the commercial register of the Hamburg Local Court under the number HRB 1787. The ultimate parent of the Company is maxingvest ag, Hamburg (Germany).

The activities of Beiersdorf AG and its affiliates ("Beiersdorf Group") consist primarily of the manufacture and distribution of branded consumer goods in the areas of skin and beauty care, and of the manufacture and distribution of technical adhesive tapes.

The consolidated financial statements of Beiersdorf AG for the fiscal year from January 1 to December 31, 2009, were prepared by the Executive Board on February 9, 2010, and subsequently submitted to the Supervisory Board for examination and approval.

General Principles

The consolidated financial statements of Beiersdorf AG have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), including the IFRS Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the supplementary provisions of German commercial law required to be applied under § 315a (1) *Handelsgesetzbuch* (German Commercial Code, *HGB*). All IFRSs and IFRICs endorsed by the European Commission and required to be applied as of December 31, 2009 were applied.

The consolidated financial statements were prepared using the historical cost convention. Exceptions to this rule relate to financial instruments assigned to the "available for sale" and "at fair value through profit or loss" category and derivative financial instruments, which are all measured at fair value where such fair value can be reliably determined.

The consolidated income statement was prepared using the cost of sales method. Individual line items have been summarized in the income statement and the balance sheet to aid clarity of presentation. These items are disclosed and explained separately in the notes.

Estimates and Assumptions

Preparation of the consolidated financial statements requires management to make estimates and assumptions to a limited extent that affect the amount and presentation of recognized assets and liabilities, income and expenses, and contingent liabilities. Such estimates and

assumptions reflect all currently available information. Significant estimates and assumptions were made in particular to the following accounting policies: the impairment of goodwill and indefinite-lived intangible assets (Note 12 "Intangible Assets"), write-downs of doubtful receivables (Note 15 "Trade Receivables"), the parameters for the actuarial computation of the expenses for defined benefit plans as well as the present value of pension commitments (Note 26 "Provisions for Pensions and Other Post-Employment Benefits"), the determination of the amount of eligible deferred tax assets (Note 8 "Income Taxes"), and the calculation of other provisions (Note 27 "Other Provisions").

Furthermore, estimates and assumptions are made in particular when determining the useful lives of intangible assets and property, plant, and equipment that are tested annually for impairment, and when measuring inventories. Actual amounts may differ from these estimates. Changes are recognized in profit or loss when more recent knowledge becomes available.

Consolidation Principles

Acquisition accounting uses the purchase method, under which the cost of the business combination is allocated to the identifiable assets acquired and identifiable liabilities and contingent liabilities assumed, measured at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair values of identifiable assets, liabilities, and contingent liabilities is recognized as goodwill.

Profit and equity of subsidiaries attributable to minority interests are presented separately in the consolidated income statement and as a component of equity in the consolidated balance sheet. In the case of successive purchases of the shares of subsidiaries, the difference between the cost of the new shares and the minority interests previously recognized in the Group for these shares is recognized in other comprehensive income.

All intercompany balances, transactions, income, and expenses, and gains and losses on intragroup transactions that are contained in the carrying amounts of assets, are eliminated in full. Deferred taxes are recognized for the tax effects of consolidation adjustments.

Currency Translation

The consolidated financial statements have been prepared in euros. The euro is Beiersdorf AG's functional and presentation currency. Unless otherwise indicated, all amounts are rounded to millions of euros (€ million).

Each company in the Group defines its own functional currency. The items contained in the financial statements of the company concerned are measured using this functional currency. Foreign currency transactions are initially translated from the foreign currency into the functional currency at the spot rate at the transaction date. Non-monetary items that are measured at cost in a foreign currency are translated at the exchange rate at the transaction date. Exchange differences from the translation of monetary items are recognized in income. Monetary assets and liabilities in foreign currency are translated into the functional currency at the closing rate.

As the foreign subsidiaries operate as financially, economically, and organizationally independent entities, their functional currency is always the local currency.

At the balance sheet date, the assets and liabilities of foreign subsidiaries whose functional currency is not the euro are translated into euros at the closing rate. Income and expenses are translated at average exchange rates for the fiscal year. Exchange differences arising on this are recognized as a separate component of equity.

The following tables show the development of the exchange rates of the currencies material to the consolidated financial statements:

EXCHANGE RATE CHANGES // €1 =

	ISO code	Average rates	
		2008	2009
Swiss franc	CHF	1.5786	1.5076
Chinese yuan	CNY	10.2301	9.5370
Pound sterling	GBP	0.8038	0.8900
Japanese yen	JPY	151.4825	130.6283
Polish zloty	PLN	3.5383	4.3469
US dollar	USD	1.4741	1.3963

EXCHANGE RATE CHANGES // €1 =

	ISO code	Closing rates	
		2008	2009
Swiss franc	CHF	1.4860	1.4836
Chinese yuan	CNY	9.6090	9.8350
Pound sterling	GBP	0.9600	0.8881
Japanese yen	JPY	126.4000	133.1600
Polish zloty	PLN	4.1823	4.1045
US-Dollar	USD	1.3977	1.4406

Changes in Accounting Policies

The accounting policies correspond to those applied in the previous year. Apart from additional or modified disclosure requirements there were no material effects on the consolidated financial statements from the first time adoption of the revised IAS 1 "Presentation of Financial Statements", IAS 23 "Borrowing Costs", IFRS 7 "Financial Instruments: Disclosures", IFRIC 13 "Customer Loyalty Programs", and the "Improvement Project 2008" in fiscal year 2009.

The following Standards and Interpretations relevant for the Beiersdorf Group's business operations have been issued as of December 31, 2009, but are not yet required to be applied for the fiscal year then ended:

- IAS 27 "Consolidated and Separate Financial Statements" (as from/after July 1, 2009)
- IFRS 3 "Business Combinations" (as from/after July 1, 2009)
- IFRS 9 "Financial Instruments" (as from/after January 1, 2013)
- "Improvement Project 2009" (as from/after January 1 or July 1, 2010)

These Standards and Interpretations will be implemented in the year in which they are first required to be applied at the latest. Apart from additional or modified disclosure requirements, no material effects on the consolidated financial statements are expected on first-time adoption. Effects resulting from IFRS 9 are currently analyzed.

Significant Accounting Policies

Sales are recognized when goods and products are delivered and the significant risks and rewards incidental to ownership have been transferred to the buyer. Discounts, customer bonuses, and rebates are deducted from sales. The existence of return rights is reflected in the recognition and measurement of sales.

Cost of goods sold comprises the cost of internally produced goods and the purchase price of merchandise sold. The cost of internally produced goods includes directly attributable costs such as the cost of direct materials, direct labor, and energy costs, as well as production overheads, including depreciation of production facilities. The cost of goods sold includes write-downs of inventories.

Marketing and selling expenses comprise the cost of marketing, the sales organization, and distribution logistics. This item also includes write-downs of trade receivables.

Research and development expenses comprise the cost of research and of product and process development, including expenses for third-party services. In the case of development projects, a review is conducted to establish whether the criteria for capitalizing internally generated intangible assets laid down in IAS 38 are met. Development costs that do not meet these criteria are recognized in full as expenses for the period.

Purchased **intangible assets** such as patents, trademarks, and software are measured at cost. The carrying amounts of finite-lived intangible assets are generally reduced by straight-line amortization over their expected useful lives. The useful lives, residual values, and amortization methods are reviewed regularly. Goodwill and indefinite-lived intangible assets are not amortized.

Property, plant, and equipment is carried at cost and reduced by straight-line depreciation over the assets' expected useful lives. The useful lives, residual values, and depreciation methods are reviewed annually. The following useful lives are generally applied to the depreciation of items of property, plant, and equipment:

USEFUL LIVES OF PROPERTY, PLANT, AND EQUIPMENT

Production buildings	25 to 33 years
Other buildings	10 to 25 years
Technical equipment and machinery	5 to 15 years
Vehicles	4 years
Office and other equipment	3 to 15 years

Production costs of internally manufactured items of property, plant, and equipment are calculated on the basis of attributable direct costs plus an appropriate share of production-related overheads. Interest on borrowings is recognized as current expense where this does not relate to the production of qualifying assets. Repair and maintenance costs for property, plant, and equipment are also expensed as incurred. Substantial renewals or enhancements that materially increase production capacity or significantly extend the economic life of an asset are capitalized. Correspondingly, components that were previously capitalized and have been replaced by new expenditures to be capitalized are accounted for as disposals. Government grants and subsidies reduce historical cost.

Goodwill and indefinite-lived intangible assets are **tested for impairment** at least once a year; such impairment tests are only conducted for finite-lived intangible assets and property, plant, and equipment, if there are indications of impairment. An impairment loss is recognized in profit or loss if the recoverable amount of the asset is lower than its carrying amount. Recoverable amount is identified separately for each asset. If an asset does not generate cash inflows independent from other assets, recoverable amount is identified on the basis of a group of assets designated as the cash-generating unit. Recoverable amount is the higher of net realizable value and value in use. Net realizable value is the amount obtainable from the sale of an asset in an arm's length transaction, less the costs of disposal. Value in use is calculated on the basis of estimated future cash flows expected to arise from the continuing use of an asset and its disposal at the end of its useful life, using the discounted cash flow method. Cash flows are derived from the business plans and reflect current developments. They are discounted to the date of the impairment test using capitalization rates for equivalent risks.

If the reasons for an impairment test recognized in previous years no longer apply, the impairment loss (except for goodwill) is reversed up to a maximum of amortized cost.

Inventories are carried at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is measured using the average cost method. Production cost is calculated as the direct costs plus an appropriate allocation of materials and production overheads, as well as production-related depreciation. It also includes the proportionate costs of company pension arrangements and voluntary social benefits, as well as production-related administrative expenses.

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability of another entity. Financial assets and financial liabilities are measured at fair value on initial recognition. At Beiersdorf, the financial instruments are allocated to the “loans and receivables” (LaR), “available for sale” (AfS), “held to maturity” (HtM), “other financial liabilities” (OFL), and “at fair value through profit or loss” (FVPL) categories. In accordance with IAS 39, derivative financial instruments used for hedges are not assigned to a separate category; within the Beiersdorf Group, they are subsumed under “derivative financial instruments” (DFI).

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. Following initial recognition they are carried at amortized cost using the effective interest method.

Financial assets available for sale are those non-derivative financial assets that do not fall under other categories and that were classified as “available for sale”. They are measured at fair value. The resulting gains and losses are recognized in other comprehensive income. When these financial assets are sold or written down for impairment, the cumulative gains and losses recognized in equity are recognized in the income statement. They are measured on the basis of corresponding market prices or by applying appropriate valuation methods. Financial investments in equity instruments for which there is no active market and whose fair value cannot be reliably determined are measured at historical cost.

Held to maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities. They are carried at amortized cost using the effective interest method.

Financial assets at fair value through profit or loss are structured financial instruments for which the Beiersdorf Group has chosen to exercise the fair value option. The use of this option produces more relevant information and reduces the complexity of assessment.

Financial assets are tested for **impairment** as of each reporting date. Any impairment established or appreciation in value in following periods is basically recognized immediately in profit or loss. For financial assets available for sale, an impairment loss is only recognized in the case of significant or permanent impairment. Reversals of impairment losses on equity instruments are recognized directly in other comprehensive income. Appropriate valuation allowances are charged for identifiable risks relating to trade receivables and other financial assets that are classified as “loans and receivables”. The estimated valuation allowance on receivables is based primarily on the results of previous payment behavior and reflects the age structure, any substantial deterioration in creditworthiness, or a high probability of debtor insolvency, as well as changes in the political and macroeconomic environment.

Other financial liabilities are carried at amortized cost using the effective interest method after their initial recognition. Gains and losses resulting from amortization using the effective interest method and from derecognition of liabilities are recognized in income. Liabilities with remaining contractual maturities of more than one year are classified as non-current.

Financial assets and financial liabilities are derecognized when control is lost of the contractual rights or the obligation specified in the contract is discharged, cancelled, or expired.

The Beiersdorf Group uses **derivative financial instruments** to manage current and future currency risks. The instruments concerned are mainly currency forwards. Derivative financial instruments are recognized at fair value. They are recognized in the balance sheet in other financial assets or other financial liabilities.

The recognition of changes in the fair values of derivative financial instruments depends on whether these instruments are used as hedging instruments and meet the criteria for hedge accounting under IAS 39. If the criteria are not met, despite the existence of an economic hedge, changes in the fair values of derivative financial instruments are recognized immediately in profit or loss.

For derivative financial instruments which are designated as hedging instruments and qualify for hedging accounting as a cash flow hedge, the effective portion of the change in the fair value is recognized in other comprehensive income, net of the related tax effect. The ineffective portion is recognized in profit or loss. When the hedged item (underlying) is settled, the effective portion is also recognized in the income statement.

The **fair value of financial instruments** is determined on the basis of corresponding market prices or the application of suitable valuation techniques. The fair value of financial instruments carried at amortized cost is determined on the basis of the expected future cash flows, using the benchmark interest rates for matching risk and maturities at the balance sheet date. The fair value of derivative financial instruments is determined on the basis of the forward exchange rates, using the benchmark interest rates for matching risk and maturities at the balance sheet date.

Non-current assets and disposal groups held for sale and directly associated provisions and liabilities are presented as separate items in the balance sheet if their sale is probable and they are available for immediate sale in their present condition. Non-current assets held for sale are recognized at the lower of their carrying amount and fair value less costs to sell.

Pension obligations under defined contribution plans are recorded in the income statement. Those under defined benefit plans are calculated using the projected unit credit method. The expected benefits are spread over the entire length of service of the employees. The actuarial computation of pension obligations is based on market rates of interest as well as projected wage/salary and pension increases, and staff turnover trends.

Measurement is governed by the country-specific conditions. The amount recognized as provisions for pensions contains the sum of the present values of defined benefit obligations and the net cumulative unrecognized actuarial gains and losses, less not yet recognized past service cost and the fair value of plan assets available for immediate settlement of obligations.

Actuarial gains and losses are recognized if they exceed the greater of 10% of the present value of the obligations or of the fair value of plan assets. The amounts exceeding 10% are amortized over the average remaining working lives of the employees beginning in the following year. Past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested.

Other provisions take account of all identifiable future payment obligations, risks, and uncertain obligations of the Group resulting from current legal or constructive obligations arising from past events where the amount of the obligation can be measured reliably. Such other provisions are mainly due within one year. Non-current provisions expected to be settled after more than one year are discounted as far as the interest effect is material.

Provisions for partial retirement arrangements are accounted for as obligations arising from termination benefits in the consolidated financial statements. They are recognized at the present value of the expected future additional payments. Measurement of the provisions reflects the partial retirement arrangements agreed with the employees.

Provisions are recognized for restructurings if there is a detailed formal restructuring plan and there is a valid expectation on the part of those affected that the restructurings will be implemented. Measurement of restructuring provisions only includes expenses that are necessarily entailed by the restructuring and are not associated with the ongoing activities of the entity.

Current **income tax** assets and liabilities for current and future periods are recognized at the expected amount. The tax rates and tax legislation enacted at the reporting date are used to calculate the amount.

Deferred taxes result from temporary differences between the tax base of assets and liabilities and their carrying amounts in the balance sheets of the Group companies, and from tax loss carryforwards. Deferred taxes are measured using the balance sheet liability method on the basis of the tax rates expected to be enacted in the individual countries when the temporary differences reverse. These rates are based on the legislation in force at the balance sheet date. No deferred taxes are recognized for differences arising on the initial recognition of assets and liabilities that are not the result of company acquisitions and do not affect either accounting or taxable profit. Deferred taxes on temporary differences, tax loss carryforwards, and tax credits are recognized where it is probable that sufficient taxable profit will be available in future periods against which they can be utilized. Recognized deferred taxes are tested for recoverability every year. Income taxes relating to items recognized in other comprehensive income are not recognized in the income statement. Deferred tax assets and deferred tax liabilities are offset if they relate to the same tax authorities and are expected to be realized and settled in the same period.

Substantially all the risks and rewards incidental to ownership of the assets for which **leases** have been entered into and the Group is the lessee remain with the lessor. The leases are therefore classed as operating leases. Lease payments for operating leases are recognized on a straight-line basis over the term of the lease as expenses for the period in the consolidated income statement.

SUMMARY OF SELECTED MEASUREMENT POLICIES

Balance sheet item	Measurement policy
Assets	
Goodwill	Lower of cost or recoverable amount
Other intangible assets	
indefinite-lived	Lower of cost or recoverable amount
finite-lived	(Amortized) cost
Property, plant, and equipment	(Amortized) cost
Financial assets	
"Loans and receivables"	(Amortized) cost
"Held to maturity"	(Amortized) cost
"Available for sale"	At fair value in Other Comprehensive Income
"At fair value through profit or loss"	At fair value through profit or loss
Inventories	Lower of cost or net realizable value
Trade receivables	(Amortized) cost
Cash and cash equivalents	Nominal amount
Equity and liabilities	
Provisions	
Provisions for pensions and other post-employment benefits	Benefit obligation method
Miscellaneous provisions	Settlement amount (best estimate)
Financial liabilities	(Amortized) cost
Trade payables	(Amortized) cost
Other liabilities	Settlement amount

Consolidated Group, Acquisitions, and Divestments

Consolidated Group

In addition to Beiersdorf AG, the consolidated financial statements include 19 German and 139 international companies whose financial and business policies Beiersdorf AG is able to control either directly or indirectly, and from whose activities it can derive economic benefits.

In the year under review, three companies were merged with other Group companies and three companies were closed.

The significant subsidiaries included in the consolidated financial statements are listed below. A complete list of Beiersdorf AG's shareholdings is issued separately.

SIGNIFICANT AFFILIATES

Germany

Name of the Company	Registered Office	Equity interest (in %)
Beiersdorf Manufacturing Berlin GmbH	Berlin	100.0
Beiersdorf Manufacturing Hamburg GmbH	Hamburg	100.0
Beiersdorf Customer Supply GmbH	Hamburg	100.0
Juvena Produits de Beauté GmbH	Baden-Baden	100.0
tesa SE	Hamburg	100.0
tesa Werk Hamburg GmbH	Hamburg	100.0
tesa Werk Offenburg GmbH	Offenburg	100.0
Florena Cosmetic GmbH	Waldheim	100.0

Rest of Europe

Name of the Company	Registered Office	Equity interest (in %)
Beiersdorf Ges. mbH	AT, Vienna	100.0
SA Beiersdorf NV	BE, Brussels	100.0
tesa Bandfix AG	CH, Bergdietikon	100.0
Beiersdorf AG	CH, Münchenstein	100.0
Juvena (International) AG	CH, Volketswil, Zurich	100.0
Beiersdorf spol. s. r.o.	CZ, Prague	100.0
Beiersdorf S.A.	ES, Argentona (Barcelona)	100.0
BDF Nivea S.A.	ES, Tres Cantos (Madrid)	100.0
Beiersdorf s.a.s.	FR, Paris	99.9
Beiersdorf UK Ltd.	GB, Birmingham	100.0
Beiersdorf Hellas AE	GR, Gerakas, Attikis	100.0
Beiersdorf d.o.o.	HR, Zagreb	100.0
Beiersdorf SpA	IT, Milan	100.0
Comet SpA	IT, Solbiate-Concagno	100.0
Beiersdorf NV	NL, Baarn	100.0
Beiersdorf Manufacturing Poznan Sp.z.o.o.	PL, Poznan	100.0
NIVEA Polska Sp. z o.o.	PL, Poznan	100.0
Beiersdorf Portuguesa, Limitada	PT, Queluz de Baixo	100.0
Beiersdorf Romania SRL	RO, Bucharest	100.0
Beiersdorf d.o.o. Beograd	RS, Belgrade	100.0
Beiersdorf OOO	RU, Moscow	100.0
Beiersdorf Aktiebolag	SE, Gothenburg	100.0

SIGNIFICANT AFFILIATES

Americas

Name of the Company	Registered Office	Equity interest (in %)
Beiersdorf S.A.	AR, Buenos Aires	100.0
BDF NIVEA LTDA.	BR, São Paulo	100.0
Beiersdorf Industria e Comercio Ltda.	BR, São Paulo	100.0
Beiersdorf Canada Inc.	CA, Quebec	100.0
Beiersdorf S.A.	CL, Santiago de Chile	100.0
Beiersdorf S.A.	CO, Bogotá	100.0
BDF México, S.A. de C.V.	MX, Mexico City	100.0
tesa tape inc.	US, Charlotte, NC	100.0
La Prairie, Inc.	US, New York, NY	100.0
Beiersdorf Inc.	US, Wilton, CT	100.0

Africa/Asia/Australia

Name of the Company	Registered Office	Equity interest (in %)
Beiersdorf Middle East FZCO	AE, Dubai	100.0
Beiersdorf Australia Ltd.	AU, North Ryde, NSW	100.0
C-BONS Hair Care Group	CN, Wuhan	95.0
Nivea (Shanghai) Company Limited	CN, Shanghai	100.0
tesa Shanghai Trading Co. Ltd.	CN, Shanghai	100.0
Nivea-Kao Co., Ltd.	JP, Tokyo	60.0
Beiersdorf Singapore Pte. Ltd.	SG, Singapore	100.0
Beiersdorf (Thailand) Co., Ltd.	TH, Bangkok	100.0
Beiersdorf Consumer Products (Pty.) Ltd.	ZA, Westville	100.0

Significant Acquisitions/Divestments in 2009

In the year under review, no significant acquisitions or divestments took place in the Beiersdorf Group.

Significant Acquisitions in 2008*Labtec GmbH*

On December 17, 2008, tesa AG acquired 100% of the shares in Labtec GmbH, Langenfeld (Germany). The company has been consolidated as from this date. Because the acquisition took place close to the balance sheet date, the purchase price was only allocated on a provisional basis as of December 31, 2008. The final identification and determination of the fair values of the acquired assets and the liabilities assumed was made within twelve months of the acquisition in accordance with IFRS 3 "Business Combinations".

The acquisition cost for Labtec GmbH including transactions costs was €19 million, of which €18 million had been paid. Cash acquired amounted to €1 million.

Non-current and current assets of €3 million and €6 million respectively, as well as non-current and current provisions and liabilities of €2 million and €7 million, were recognized as part of the provisional purchase price allocation on initial consolidation. This resulted in provisional goodwill from the acquisition of Labtec GmbH of €19 million at the acquisition date.

Within the scope of the final purchase price allocation, the following fair values of the assets acquired and the liabilities and contingent liabilities assumed were recognized. The comparative information for 2008 was adjusted accordingly: The value of finite-lived intangible assets increased by €27 million, and of deferred tax liabilities by €9 million. These changes resulted in a decrease of goodwill of €18 million; consequently, goodwill amounted to €1 million as of December 31, 2008. Higher depreciation amounts for the intangible assets identified and the corresponding tax effect for the period from the acquisition date to December 31, 2008 were immaterial.

The increase in finite-lived intangible assets primarily relates to the fair values of capitalizable development projects identified within the scope of the final price allocation. These identified intangible assets are amortized on a straight-line basis over their useful lives of 10 to 13 years. Goodwill of €1 million primarily comprises the process know-how in contract analytics, which are not measured and recognized separately due to its lack of separability.

Because Labtec GmbH was acquired close to the balance sheet date in 2008, it did not have a material influence on the Group's sales or earnings. If the acquisition had taken place in the beginning of fiscal year 2008, Labtec GmbH would have contributed revenues of around €3 million and an immaterial amount to Group earnings.

Significant Divestments in 2008

Futuro Business

Beiersdorf signed an agreement to sell the Futuro business to 3M Company, St. Paul (USA) on November 20, 2008; the agreement was executed on December 16, 2008. The Futuro business comprised the sale of health supports and compression hosiery. Most of its sales were generated in the USA. Futuro was previously part of the Consumer business segment and generated sales of around €41 million in 2008. As part of the sale, non-current and current assets of €1 million and €8 million respectively were transferred to the buyer.

BODE Group

On October 20, 2008, Beiersdorf sold the BODE Group with effect from December 31, 2008 to Paul Hartmann AG, Heidenheim (Germany). The BODE Group produced and sold disinfectants for hands, skin, instruments, and surfaces. The BODE Group was allocated to the Consumer business segment. It generated sales of around €63 million in 2008 and earnings of around €3 million. As part of the sale, non-current and current assets of €14 million and €23 million respectively, as well as non-current and current provisions and liabilities of €12 million and €15 million, were transferred to the buyer.

Notes to the Income Statement

01 • Sales

Sales amounted to €5,748 million in 2009 (previous year: €5,971 million). A breakdown of sales and their development by business segment and region can be found in the segment reporting.

02 • Marketing and Selling Expenses

Marketing and selling expenses were €2,766 million (previous year: €2,874 million). The marketing and selling expenses include expenditure on advertising, retail marketing, and similar items amounting to €1,842 million (previous year: €1,915 million).

03 • General and Administrative Expenses

General and administrative expenses amounted to €283 million in fiscal year 2009 (previous year: €292 million), down 3.2% compared with the previous year. This item comprises personnel expenses and other administrative costs, as well as the cost of external services that are not allocated internally to other functions.

04 • Other Operating Income

IN € MILLION

	2008	2009
Income from the reversal of provisions	46	43
Gains on disposal of non-current assets	11	3
Miscellaneous other income	51	48
	108	94

Miscellaneous other income includes prior-period income, income from the reversal of valuation allowances on receivables, and miscellaneous other operating income.

05 • Other Operating Expenses

IN € MILLION

	2008	2009
Restructuring expenses	8	52
Exchange losses on operating activities	2	15
Amortization of intangible assets	5	11
Losses on disposal of non-current assets	6	2
Miscellaneous other expenses	68	95
	89	175

Restructuring expenses mainly relate to the capacity adjustment measures at the tesa business segment and the closure of a production facility in North America. They primarily contain personnel expenses of €21 million and asset-related expenses of €13 million. Amortization of

intangible assets include impairment losses of €5 million (previous year: none). Miscellaneous other expenses include additions to provisions for litigation and other risks, as well as miscellaneous other operating expenses.

06 • Special Factors

(Divestments and Consumer Supply Chain)

In fiscal year 2008, the special factors included gains from the sales of the Futuro business and of the BODE Group of €96 million in total, as well as expenses and income relating to the realignment of the Consumer Supply Chain in Europe. Proceeds from the disposal of production and logistics facilities relating to the realignment of the Consumer Supply Chain, especially Beiersdorf AG's production site in Hamburg-Hausbruch (Germany), exceeded the expenses incurred in 2008, resulting in income of €5 million.

07 • Financial Result

IN € MILLION

	2008	2009
Interest income	47	21
Interest expense	-14	-15
Net pension result	8	-2
Other financial result	-16	-8
	25	-4

Interest income primarily results from the positions "cash and cash equivalents" and "securities". Interest expense primarily results from financial liabilities. The interest expense on pension and other entitlements acquired in previous years is netted against the return on plan assets and the amortization of unrecognized actuarial gains and losses.

The other financial result relates in particular to currency gains and losses. In addition, the item includes income of €36 million (previous year: €10 million) representing the net gains on the fair value measurement of financial instruments that were previously recognized in other comprehensive income.

Gains of €8 million (previous year: €6 million) from the fair value measurement of financial instruments classified as belonging to the "available for sale" category were recognized in other comprehensive income as of balance sheet date. The gains in the category "at fair value through profit or loss" were immaterial (previous year: none).

08 • Income Taxes

Income tax expense including deferred taxes can be broken down as follows:

IN € MILLION

	2008	2009
Current income taxes		
Germany	78	72
International	147	141
	225	213
Deferred taxes	30	-10
	255	203

€2 million (previous year: €17 million) of deferred tax liabilities shown in the balance sheet were recognized in other comprehensive income.

No deferred tax assets have been recognized for tax loss carryforwards and unused tax credits of €107 million (previous year: €64 million). Of this amount, €56 million (previous year: €45 million) can be carried forward without restriction; the remaining amount can primarily be carried forward for a limited period longer than five years.

Deferred taxes are not recognized for retained earnings at foreign subsidiaries, as these profits are intended to be reinvested indefinitely in those operations from today's perspective. Where distributions are planned, the tax consequences are deferred accordingly. The liability is calculated based on the respective withholding tax rates, taking into account the German tax rate applicable to distributed corporate dividends where applicable. Deferred tax liabilities of €4 million (previous year: €7 million) were recognized in the year under review.

Deferred taxes relate to the following balance sheet items and matters:

ALLOCATION OF DEFERRED TAXES // IN € MILLION

	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009
Non-current assets	20	22	72	74
Inventories	18	22	–	–
Receivables and other current assets	4	11	24	17
Provisions for pensions and other post-employment benefits	3	3	94	106
Other provisions	19	27	6	7
Liabilities	27	32	19	17
Retained earnings	–	–	7	4
Loss carryforwards	3	5	–	–
	94	122	222	225
Offset deferred taxes	-58	-64	-58	-64
Deferred taxes recognized in the balance sheet	36	58	164	161

Prior-year figures adjusted.

Calculation of the Actual Tax Expense

For an effective tax rate of 34.9%, the actual tax expense is €33 million higher than the expected tax expense. The expected tax rate is calculated as the weighted average of the tax rates of the individual Group companies and amounts to 29.2% (previous year: 28.7%). The following table shows the reconciliation of expected to actual tax expense:

ACTUAL TAX EXPENSE // IN € MILLION		
	2008	2009
Expected tax expense at a tax rate of 29.2% (previous year: 28.7%)	236	170
Tax deductions due to tax-free income	-15	-1
Tax increases due to non-deductible expenses	34	24
Prior-year taxes	-7	1
Other tax effects	7	9
Actual tax expense	255	203

09 • Profit Attributable to Minority Interests

€6 million of profit after tax is attributable to minority interests (previous year: €5 million). As of the reporting date, other shareholders primarily hold interests in Nivea-Kao Co., Ltd., Japan, PT. Beiersdorf Indonesia, and Beiersdorf India Limited.

10 • Basic/Diluted Earnings per Share

Earnings per share for 2009 amounted to €1.65 (previous year: €2.48). The basis for the calculation is the profit after tax excluding profit attributable to minority interests.

Beiersdorf AG holds 25,181,016 treasury shares (unchanged). These were deducted from the total of 252,000,000 shares when calculating earnings per share, which resulted in earnings being calculated on the unchanged basis of 226,818,984 shares. As there are no outstanding financial instruments that can be exchanged for shares, there is no difference between diluted and basic earnings per share.

11 • Other Disclosures

Cost of Materials

The cost of raw materials, consumables, and supplies, and of purchased goods and services, amounted to €1,199 million (previous year: €1,447 million).

PERSONNEL EXPENSES // IN € MILLION

	2008	2009
Wages and salaries	751	762
Social security contributions and other benefits	106	114
Pension expenses	65	71
	922	947

Employees

The breakdown of employees by function is as follows:

EMPLOYEES (AS OF DECEMBER 31)

	2008	2009
Production	7,191	6,584
Marketing and sales	10,173	9,406
Other functions	4,402	4,356
	21,766	20,346

AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR

	2008	2009
Production	7,250	6,849
Marketing and sales	10,286	10,041
Other functions	4,345	4,447
	21,881	21,337

A breakdown of employees by Beiersdorf Group segment can be found in the segment reporting.

Notes to the Balance Sheet

12 • Intangible Assets

IN € MILLION

	Finite-lived intangible assets	Indefinite-lived intangible assets	Goodwill	Total
Cost				
Opening balance Jan. 1, 2008	401	151	171	723
Currency translation adjustment	-3	-	21	18
Changes in consolidated Group/acquisitions*	27	-	1	28
Additions	8	-	-	8
Disposals	-57	-	-	-57
Transfers	-	-	-	-
Closing balance Dec. 31, 2008*	376	151	193	720
Amortization				
Opening balance Jan. 1, 2008	362	-	4	366
Currency translation adjustment	-4	-	-	-4
Additions	16	-	-	16
Disposals	-56	-	-	-56
Transfers	-	-	-	-
Closing balance Dec. 31, 2008	318	-	4	322
Carrying amount Dec. 31, 2008	58	151	189	398
Cost				
Opening balance Jan. 1, 2009	376	151	193	720
Currency translation adjustment	1	-	-3	-2
Changes in consolidated Group/acquisitions	-	-	-	-
Additions	9	-	-	9
Disposals	-22	-	-	-22
Transfers	4	-	-	4
Closing balance Dec. 31, 2009	368	151	190	709
Amortization				
Opening balance Jan. 1, 2009	318	-	4	322
Currency translation adjustment	1	-	1	2
Additions	24	-	1	25
Disposals	-22	-	-	-22
Transfers	-	-	-	-
Closing balance Dec. 31, 2009	321	-	6	327
Carrying amount Dec. 31, 2009	47	151	184	382

*Prior-year figures adjusted.

The carrying amount of intangible assets decreased by €16 million compared with the previous year to €382 million (previous year: €398 million).

Indefinite-lived intangible assets include the Chinese hair care brands that were acquired when the shares of C-BONS Hair Care were purchased. The trademarks have been recognized with an indefinite useful life since it is planned to continue using them for an unlimited period. The impairment test uses the royalty method and is based on the fair value less costs to sell approach. Costs to sell are assumed to be 1% of brand value. Calculation is based on a discount rate of 9.4% (previous year: 8.8%) and on an extrapolation outside the planning horizon of 2.5% (previous year: 2.5%). The planning horizon was defined as twelve years as it is a growth market.

As in the previous year, no internally generated intangible assets were recognized in the fiscal year under review, since the conditions for recognition under IAS 38 "Intangible Assets" were not met for the development projects.

Goodwill comprises the derivative goodwill that arose on acquisition of C-BONS Hair Care and on the acquisition of the remaining shares in Beiersdorf AG (Switzerland). The prior-year carrying amount was reduced by €18 million due to the final purchase price calculation of Labtec GmbH. Prior-years values were adjusted accordingly. In addition, goodwill from the purchase of C-BONS Hair Care decreased to €141 million as of reporting date (previous year: €144 million) due to currency translation effects; the goodwill for Beiersdorf AG (Switzerland) remained unchanged at €39 million (previous year: €39 million).

For the purpose of impairment testing, goodwill resulting from business combinations is allocated to the cash generating units of the Group that are to profit from the business combination, starting at the acquisition date. In the Beiersdorf Group these are primarily the China Group (NIVEA Shanghai and C-BONS Hair Care) and Beiersdorf AG (Switzerland). The recoverable amounts of the cash generating units were determined based on the calculation of the value in use (Beiersdorf AG Switzerland) and the net realizable value (China Group) using cash flow

projections. Costs to sell were assumed to be 1% of the enterprise value. The estimated future cash flows, which are used for impairment testing, are based on the financial planning, with a planning horizon of three years being used for Beiersdorf AG Switzerland and of twelve years for the China Group. Cash flows outside the planning period are extrapolated using individual growth rates, taking relevant market information into account. A growth rate of 2.5% (previous year: 2.5%) was used for the China Group, while the figure for Beiersdorf AG (Switzerland) was 1.0% (previous year: 1.0%). The weighted average cost of capital taken into account for the discounted cash flows for the China Group was 9.4% (previous year: 8.8%). For Beiersdorf AG (Switzerland) the pre-tax discount rates used to discount the estimated cash flows amounted to 11.1% (previous year: 11.1%) .

The impairment tests did not result in any impairment losses on goodwill or trademarks in the year under review.

Planning is based on a variety of assumptions regarding the significant estimation parameters. The estimation parameters included gross margins, discount rates, commodity price trends, market share, and growth rates. Although changes in these parameters are possible in principle in line with reasonable estimates, the Group assumes that the recoverable amounts will exceed the carrying amounts of goodwill or indefinite-lived intangible assets.

13 • 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, 2008	619	733	457	39	1,848
Currency translation adjustment	-3	6	-5	-1	-3
Changes in consolidated Group/acquisitions	3	-	-	-	3
Additions	11	34	52	53	150
Disposals	-25	-40	-36	-2	-103
Transfers	22	2	6	-30	-
Closing balance Dec. 31, 2008	627	735	474	59	1,895
Depreciation					
Opening balance Jan. 1, 2008	319	488	342	-	1,149
Currency translation adjustment	-	5	-2	-	3
Additions	17	42	39	-	98
Disposals	-17	-33	-32	-	-82
Transfers	-	-	-	-	-
Closing balance Dec. 31, 2008	319	502	347	-	1,168
Carrying amount Dec. 31, 2008	308	233	127	59	727
Cost					
Opening balance Jan. 1, 2009	627	735	474	59	1,895
Currency translation adjustment	4	2	3	-	9
Changes in consolidated Group/acquisitions	-	-	-	-	-
Additions	11	29	41	35	116
Disposals	-8	-59	-60	-1	-128
Transfers	17	17	16	-54	-4
Closing balance Dec. 31, 2009	651	724	474	39	1,888
Depreciation					
Opening balance Jan. 1, 2009	319	502	347	-	1,168
Currency translation adjustment	1	-	3	-	4
Additions	20	45	45	-	110
Disposals	-5	-60	-54	-	-119
Transfers	-	-	-	-	-
Closing balance Dec. 31, 2009	335	487	341	-	1,163
Carrying amount Dec. 31, 2009	317	237	132	39	725

The carrying amounts of property, plant, and equipment amounted to €725 million (previous year: €727 million). Investments in property, plant, and equipment amounted to €116 million (previous year: €150 million). Depreciation amounted to €110 million (previous year: €98 million). No impairment losses were reversed in the year under review.

14 • Inventories

IN € MILLION

	2008	2009
Raw materials, consumables, and supplies	126	108
Work in progress	35	34
Finished goods and merchandise	468	415
Advance payments	5	4
	634	561

Inventories decreased by €73 million compared with the previous year to €561 million, €145 million of which were carried at net realizable value (previous year: €128 million). Write-downs of inventories amounted to €61 million as of the reporting date (previous year: €63 million).

15 • Trade Receivables

IN € MILLION

2008	Carrying amount	Of which neither individually impaired nor past due	Of which not individually impaired and past due in the following time buckets				
			Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 120 days	More than 120 days
Trade receivables	894	708	76	16	10	7	6
2009							
Trade receivables	906	810	49	10	1	–	1

The trade receivables are classified as “loans and receivables” in accordance with IAS 39. The following changes in specific valuation allowances on trade receivables were recorded:

IN € MILLION

	2008	2009
as of January 1	11	10
Additions	4	5
Utilized	–1	–1
Reversals	–3	–1
Currency translation adjustment	–1	1
as of December 31	10	14

16 • Securities

In total, Beiersdorf has invested €955 million in government and corporate bonds, commercial paper, and near-money market retail funds (previous year: €897 million). All bonds are listed and have a residual maturity of up to two years. Government and corporate bonds and commercial paper are assigned to the “held to maturity” (HtM) category, while the near-money market retail funds are assigned to the “available for sale” (AfS) category. Convertible bonds are designated as “at fair value through profit or loss” (FVPL). Please refer to Note 29 “Additional disclosures on Financial Instruments”.

17 • Cash and Cash Equivalents

IN € MILLION

	2008	2009
Cash	598	745
Cash equivalents	15	22
	613	767

Cash comprises bank balances, cash-on-hand, and checks. Cash equivalents are short-term liquid investments, such as overnight funds, that can be converted into cash at any time and are exposed to no more than insignificant fluctuations in value. In accordance with IAS 39, cash and cash equivalents are classified as “loans and receivables”.

18 • Capital Management Disclosures

Beiersdorf pursues the goal of sustainably securing its capital base and generating an appropriate return on invested capital. As of December 31, 2009, the equity ratio was 57% (previous year: 55%), while the EBIT return on average net operating capital was 43% (previous year: 54%). The total dividends distributed in fiscal year 2009 amounted to €210 million (previous year: €165 million).

19 • Share Capital

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

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

20 • Authorized Capital

The Annual General Meeting on May 18, 2005 authorized the Executive Board, with the approval of the Supervisory Board, to increase the share capital in the period until May 17, 2010 by up to a total of €87 million (Authorized Capital I: €45 million; Authorized Capital II: €21 million; Authorized Capital III: €21 million) by issuing new bearer shares on one or several occasions. In this context, the dividend rights for new shares may be determined by a different method than that set out in § 60 (2) *Aktiengesetz* (German Stock Corporation Act, *AktG*).

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

1. to eliminate fractions created as a result of capital increases against cash contributions (Authorized Capital I, II, III);
2. to the extent necessary to grant the holders/creditors of convertible bonds or bonds with warrants issued by Beiersdorf AG, or companies in which it holds a direct or indirect majority interest, preemptive rights to new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation (Authorized Capital I, II, III);
3. to issue new shares at an issue price that is not materially lower than the quoted market price of existing listed shares at the time when the issue price is finalized,

which should be as near as possible to the time the shares are placed; in the context of the restriction of this authorization to a total of 10% of the share capital, those shares must be included for which the preemptive rights of shareholders are disappplied in accordance with § 186 (3) sentence 4 *AktG* when the authorization to sell own shares is utilized and/or when the authorization to issue convertible bonds and/or bonds with warrants is utilized (Authorized Capital II);

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

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

21 • Contingent Capital

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

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

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

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

22 • Additional Paid-in Capital

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

23 • Retained Earnings

Retained earnings comprise the net profit for the fiscal year and undistributed profits generated in prior periods by companies included in the consolidated financial statements. The retained earnings are reduced by the cost of the 25,181,016 treasury shares held by Beiersdorf AG amounting to €955 million. In the previous year, the opening balance of the retained earnings was adjusted in accordance with IAS 8 as a result of the application of the revised IAS 38 prior to the effective date. The reduction in the amount of €6 million was due to the advertising expenditures of €9 million contained in the inventories as of December 31, 2007, net of deferred taxes in the amount of €3 million.

24 • Accumulated Other Comprehensive Income

Currency Translation Adjustment

The currency translation adjustment equity account serves to recognize differences resulting from the translation of the financial statements of subsidiaries that do not prepare their financial statements in euros.

Differences from the Fair Value Measurement of Financial Instruments

The equity account for the fair value measurement of financial instruments contains the change of *financial derivatives designated as hedging instruments* of €–1 million (previous year: €21 million), and the changes in the fair value of *available for sale financial instruments* of €5 million (previous year: €4 million), which are recognized in other comprehensive income after deduction of deferred taxes.

25 • Minority Interests

Minority interests contain adjustments for the interests of non-Group shareholders in the equity of fully consolidated affiliates. Other shareholders hold interests primarily in Nivea-Kao Co., Ltd., Japan, PT. Beiersdorf Indonesia; and Beiersdorf India Limited.

26 • Provisions for Pensions and Other Post-Employment Benefits

The Group provides post-employment benefits for entitled employees either directly or through legally independent pension and welfare funds. Group companies provide retirement benefits under defined contribution and defined benefit plans. The structure of the plans varies depending on the legal, economic, and tax situation in the country in question, and the plans are generally based on length of service, salary, and the position held within the Company, as well as the employees' own contributions. The direct and indirect obligations comprise obligations arising from existing pensions as well as future pension and retirement obligations.

In Germany, calculations are based on Heubeck's 2005 mortality tables, and internationally they are based on locally recognized mortality tables. The discount rate for Germany of 5.75% (previous year: 6.25%) was determined at the year-end on the basis of the information available then. The use of a discount rate 0.5 percentage points lower (higher) would not have an impact on the consolidated balance sheet as of the reporting date, and would have only a minor impact on the income statement for the following year due to the application of the limit method. There was no extraordinary income or expense from the termination of pension plans or the curtailment and transfer of pension benefits in the year under review.

Measurement is based on the following assumptions:

ACTUARIAL ASSUMPTIONS // IN %

	2008		2009	
	Germany	Other countries	Germany	Other countries
Discount rates	6.25	2.00–12.00	5.75	2.00–10.00
Expected return on plan assets	4.75–5.00	4.00–9.50	5.00	4.00–9.00
Projected wage and salary growth	3.00–3.50	2.00–10.00	3.00	2.00–10.00
Projected pension growth	2.00	0.50–3.00	1.75–2.00	0.50–3.30
Projected staff turnover	2.00–4.50	0.30–8.00	2.00–4.50	0.30–10.00

These parameters also apply to each following year when calculating the costs of the obligations acquired in the year under review, the interest expense on obligations acquired in previous years, and the calculation of the expected return on plan assets.

The expected return on plan assets was derived from historical long-term returns on the plan assets and from projected long-term returns.

PENSION BENEFIT EXPENSE // IN € MILLION

	2008			2009		
	Germany	Other countries	Group	Germany	Other countries	Group
Current service cost	14	6	20	13	6	19
Past service cost	–	–	–	3	–	3
Effects of curtailments and settlements	–	1	1	–1	–	–1
Defined benefit expense (EBIT)	14	7	21	15	6	21
Interest expense	35	9	44	38	9	47
Expected return on plan assets	–34	–9	–43	–30	–8	–38
Amortization of actuarial gains (–) and losses (+)	–11	2	–9	–8	1	–7
Net interest income for defined benefit plans	–10	2	–8	–	2	2
Total expenses for defined benefit plans	4	9	13	15	8	23
Defined contribution expense (EBIT)	28	16	44	29	21	50
Total pension benefit expense	32	25	57	44	29	73

The defined benefit and defined contribution expenses are included in the costs of the respective functions. Defined contribution expenses primarily contain contributions to statutory or state pension insurance funds.

Interest expense on obligations acquired in previous years, the return on plan assets, and the amortization of unrealized actuarial gains and losses are reported in the income statement under interest income/expense.

CHANGE IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS // IN € MILLION

	2008			2009		
	Germany	Other countries	Group	Germany	Other countries	Group
Present value of defined benefit obligations, opening balance	657	178	835	630	172	802
Current service cost	14	6	20	13	6	19
Interest expense	35	9	44	38	9	47
Actuarial gains (–) and losses (+)	–37	–14	–51	20	13	33
Contributions by plan participants	3	1	4	3	2	5
Pension benefits paid	–34	–4	–38	–35	–11	–46
Currency translation adjustment	–	–2	–2	–	2	2
Other changes	–8	–2	–10	–	–1	–1
Present value of defined benefit obligations, closing balance	630	172	802	669	192	861

FUNDING STATUS OF PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS // IN € MILLION

	2008			2009		
	Germany	Other countries	Group	Germany	Other countries	Group
Partly or wholly funded defined benefit obligations	625	152	777	663	172	835
Unfunded defined benefit obligations	5	20	25	6	20	26
Present value of defined benefit obligations	630	172	802	669	192	861

CHANGES IN PLAN ASSET FAIR VALUE // IN € MILLION

	2008			2009		
	Germany	Other countries	Group	Germany	Other countries	Group
Fair value of plan assets, opening balance	629	164	793	600	155	755
Expected return on plan assets	34	9	43	30	8	38
Actuarial gains (+) and losses (–)	–60	–26	–86	–15	3	–12
Actual return on plan assets	–26	–17	–43	15	11	26
Employer contributions	3	11	14	4	7	11
Contributions by plan participants	–	3	3	–	3	3
Pension benefits paid	–6	–1	–7	–6	–11	–17
Currency translation adjustment	–	–1	–1	–	2	2
Other changes	–	–4	–4	–	–	–
Fair value of plan assets, closing balance	600	155	755	613	167	780

CATEGORIES OF PLAN ASSET FAIR VALUE // IN € MILLION

	2008			2009		
	Germany	Other countries	Group	Germany	Other countries	Group
Equity instruments	163	73	236	217	89	306
Debt instruments	393	64	457	355	63	418
Real estate	34	–	34	31	–	31
Cash and cash equivalents	10	12	22	10	10	20
Other	–	6	6	–	5	5
Fair value of plan assets	600	155	755	613	167	780

RECOGNIZED PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS // IN € MILLION

	2005	2006	2007	2008	2009
Present value of defined benefit obligations	867	940	835	802	861
Fair value of plan assets	–626	–767	–793	–755	–780
Net obligation	241	173	42	47	81
Net cumulative unrecognized actuarial gains (+) and losses (–)	61	107	222	178	130
Other recognized amounts	1	8	11	10	10
Recognized provisions for pensions and other post-employment benefits	303	288	275	235	221

27 • Other Provisions

IN € MILLION

	Personnel expenses	Marketing and selling expenses	Restructuring	Miscellaneous	Total
Opening balance Jan. 1, 2009	179	130	24	161	494
<i>Of which non-current</i>	66	2	–	63	131
Currency translation adjustment	1	1	–	2	4
Additions	121	114	36	90	361
Utilized	–106	–112	–17	–52	–287
Reversals	–10	–11	–	–22	–43
Closing balance Dec. 31, 2009	185	122	43	179	529
<i>Of which non-current</i>	69	1	4	64	138

Provisions for personnel expenses primarily comprise provisions for partial retirement arrangements, annual bonuses, vacation pay, severance agreements, and anniversary payments. The provisions for marketing and selling expenses relate in particular to cooperative advertising allowances, rebates, and returns. The addition to restructuring provisions relate primarily to provisions in connection with measures taken at the tesa business segment as well as the closing of a production facility in North America.

The miscellaneous provisions include provisions for litigation risks, among other things.

28 • Liabilities

The contractually agreed undiscounted interest payments on and repayments of non-current liabilities (not including deferred taxes) are as follows:

IN € MILLION

	2008			2009		
	Carrying amount Dec. 31	Contractual maturities		Carrying amount Dec. 31	Contractual maturities	
		2009–2012	After 2012		2010–2013	After 2013
Non-current financial liabilities	71	75	2	7	6	2
Non-current derivative financial instruments	1	1	–	–	–	–
Other non-current liabilities	6	3	3	5	3	3
	78	79	5	12	9	5

Non-current financial liabilities of €7 million (previous year: €71 million) are assigned to the “other financial liabilities” (OFL) category and of €0 million (previous year: €1 million) assigned to the “derivative financial instruments” (DFI) category. Prior year non-current financial liabilities primarily comprised the liabilities from the option to purchase the remaining interest in C-BONS Hair Care amounting to €66 million. The first tranche of the option to purchase the minority interest in C-BONS Hair Care Group of €40 million was paid in December 2009. The second tranche of €26 million is shown under current financial liabilities.

The following table gives a breakdown of current liabilities:

IN € MILLION		
	2008	2009
Trade payables (OFL)	690	699
Other current financial liabilities	174	158
Other financial liabilities (OFL)	160	148
Negative fair value of derivatives (DFI)	14	10
Other current liabilities	74	71
Other tax liabilities	59	57
Social security liabilities	11	11
Advance payments received	4	3
	938	928

Other financial liabilities primarily relate to short-term bank loans amounting to €75 million (previous year: €109 million), the second tranche of the option to purchase the remaining minority interest in C-BONS Hair Care Group of €26 million (previous year: none), as well as other financial obligations in the amount of €45 million (previous year: €50 million).

As the current liabilities have remaining contractual maturities of less than twelve months as of the reporting date, their carrying amounts at the balance sheet date correspond approximately to their fair value.

29 • Additional Disclosures on Financial Instruments

IN € MILLION

2009	Carrying amount Dec. 31.	Measurement category under IAS 39			Fair value Dec. 31
		Amortized cost	Fair value recognized directly in equity	Fair value through profit or loss	
Assets					
<i>Loans and receivables (LaR)</i>	1,761	1,761	–	–	1,761
Non-current financial assets	5	5	–	–	5
Trade receivables	906	906	–	–	906
Other current financial assets	83	83	–	–	83
Cash and cash equivalents	767	767	–	–	767
<i>Available-for-sale financial assets (AfS)</i>	241	5	236	–	241
Non-current financial assets	5	5	–	–	5
Securities	236	–	236	–	236
<i>Held-to-maturity financial investments (HtM)</i>	699	699	–	–	701
Securities	699	699	–	–	701
<i>Financial assets at fair value through profit or loss (FVPL)</i>	20	–	–	20	20
Securities	20	–	–	20	20
<i>Derivative financial instruments used for hedges (DFI)</i>	8	–	8	–	8
Equity and liabilities					
<i>Other financial liabilities (OFL)</i>	854	854	–	–	854
Non-current financial liabilities	7	7	–	–	7
Trade payables	699	699	–	–	699
Other current financial liabilities	148	148	–	–	148
<i>Derivative financial instruments used for hedges (DFI)</i>	10	–	10	–	10
2008					
Assets					
<i>Loans and receivables (LaR)</i>	1,592	1,592	–	–	1,592
Non-current financial assets	6	6	–	–	6
Trade receivables	894	894	–	–	894
Other current financial assets	79	79	–	–	79
Cash and cash equivalents	613	613	–	–	613
<i>Available-for-sale financial assets (AfS)</i>	248	4	244	–	248
Non-current financial assets	4	4	–	–	4
Securities	244	–	244	–	244
<i>Held-to-maturity financial investments (HtM)</i>	653	653	–	–	653
Securities	653	653	–	–	653
<i>Derivative financial instruments used for hedges (DFI)</i>	50	–	50	–	50
Equity and liabilities					
<i>Other financial liabilities (OFL)</i>	921	921	–	–	921
Non-current financial liabilities	71	71	–	–	71
Trade payables	690	690	–	–	690
Other current financial liabilities	160	160	–	–	160
<i>Derivative financial instruments used for hedges (DFI)</i>	14	–	14	–	14

The existing financial instruments predominantly have remaining contractual maturities of less than twelve months as of the reporting date. Therefore, their carrying amounts at the balance sheet date correspond approximately to their fair value.

The following hierarchy is used to determine and report the fair values of financial instruments:

- **Level 1:** Fair values that are determined using quoted prices in active markets.
- **Level 2:** Fair values that are determined using valuation techniques whose significant inputs are based on observable market data.
- **Level 3:** Fair values that are determined using valuation techniques whose significant inputs are not based on observable market data.

In the Beiersdorf Group, securities carried at fair value are allocated to fair value hierarchy level 1, derivative financial instruments to fair value hierarchy level 2.

Net gains from held-to-maturity financial investments amounted to €12 million (previous year: €1 million).

30 • Contingent Liabilities and Other Financial Obligations

IN € MILLION

	2008	2009
Contingent liabilities		
Liabilities under bills	–	–
Liabilities under guarantees	1	1
Other financial obligations		
Obligations under rental and lease agreements:	40	124
– due within the next year	17	45
– due in 2 to 5 years	23	71
– due after more than 5 years	–	8
Obligations under purchase commitments:	164	130
– due within the next year	59	62
– due in 2 to 5 years	105	68

The aggregate nominal amount of the other financial obligations was €254 million (previous year: €204 million). The increase in obligations under rental and lease agreements is primarily due to the new structures within the scope of the realignment of the Consumer Supply Chain.

Beiersdorf has potential obligations arising, antitrust proceedings among other things. At present no reliable comprehensive assessment of the overall risk is possible from the Group's perspective.

31 • Financial Risk Management and Derivative Financial Instruments

Risk Management Principles

As a result of its operations, the Beiersdorf Group is exposed to various risks such as currency risk, interest rate risk, and default risk.

Derivative financial instruments are used to hedge the core operational business and material financial transactions. They do not expose the Group to any further risk. The transactions are conducted exclusively with marketable instruments. IFRS 7 requires sensitivity analyses, which show the effects of hypothetical changes in relevant risk variables on profit or loss and equity, to be used in presenting market risk. For the Beiersdorf Group, this mainly relates to currency risk. The effects are ascertained by applying the hypothetical changes in risk variables to the portfolio of financial instruments as of the balance sheet date. It is assumed that the balance at the reporting date is representative for the year as a whole.

Currency Risk

Currency risk is the risk of fluctuations in the fair value or future cash flows of a financial instrument as a result of changes in exchange rates.

Currency risk within the meaning of IFRS 7 arises through monetary financial instruments that are reported in a currency other than the functional currency. Exchange rate differences arising from the translation of financial statements of subsidiaries into the Group currency are not included. Relevant risk variables are therefore basically all non-functional currencies in which financial instruments are held by the Beiersdorf Group. As a result of the Beiersdorf Group's international orientation and emphasis on the euro zone, the euro serves as the key currency. Hence, Beiersdorf is exposed to risks through financing measures and operational activities when other currencies fluctuate against the euro.

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. Owing to these hedging activities, Beiersdorf is not exposed to any significant currency risks in its financing activities as of the balance sheet date.

With regard to operations, cash flows in non-functional currencies in the Beiersdorf Group are hedged up to 36 months in advance using standard currency forwards. All these transactions are centrally recorded, measured, and managed in the treasury management system. As a result, Beiersdorf is not exposed to any significant currency risks in its operations as of the balance sheet date.

Since material primary monetary financial instruments are either denominated directly in the functional currency or transformed into the functional currency through the use of derivatives, changes in the exchange rate do not have any material effects on profit and loss or equity. Thus, the Beiersdorf Group is primarily only exposed to currency risk arising from currency forwards which are used as hedging instruments and which meet the criteria for recognition as cash flow hedges on forecasted transactions. Changes in market prices affect the hedging reserve in equity and the fair values of the hedging transactions.

The fair value of currency forwards as of the balance sheet date was –€2 million (previous year: €36 million), and their notional value was €927 million (previous year: €799 million). €886 million (previous year: €746 million) of the forward contracts have a remaining maturity of up to one year, €41 million (previous year: €53 million) have a remaining maturity of between one and five years, and none (previous year: none) have a remaining maturity exceeding five years. The notional values represent the aggregate of all purchase and selling amounts for derivatives. The notional values shown are not netted.

If the euro had appreciated by 10% against all currencies as of December 31, 2009, the hedging reserves in equity and the fair values of the currency forwards would have increased by €22 million (previous year: €28 million). If it had depreciated correspondingly by 10% the hedging reserves in equity and the fair values of the currency forwards would have decreased by €27 million (previous year: €31 million).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in market interest rates.

Because of the small volume of non-current financial instruments and the absence of derivative interest rate contracts, changes in fair values are of no more than minor significance for the Beiersdorf Group. At present, financial instruments with maturities of up to two years are held. These are subject to interest rate risk within the meaning of IFRS 7 for the entire fiscal year.

If the interest rates at the quarter ends of the fiscal year had been 100 base points higher (lower) in each case than the yield curve, the financial result would have been €10 million higher (lower) (previous year: €11 million).

Default Risk

Beiersdorf is exposed to default risk within the scope of its financing activities and in its operations. In order to minimize this risk as much as possible, financing transactions are only entered into with counterparties with prime credit ratings. Receivables relating to operating activities are monitored continuously; potential defaults are accounted for using specific and collective valuation allowances. The maximum default risk can be seen from the carrying amount of each financial asset recognized in the balance sheet. The total carrying amount of the financial assets was €2,729 million as of December 31, 2009 (previous year: €2,543 million). In the area of trade receivables, default risks are partly covered by corresponding insurance policies.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting the obligations associated with its financial liabilities. As a result of the large amount of cash and cash equivalents as well as securities held as of the balance sheet date, Beiersdorf is not currently exposed to any liquidity risk. Additionally, in order to ensure the liquidity and financial flexibility of the Beiersdorf Group at all times, liquidity reserves are maintained in the form of credit lines.

Notes to the Cash Flow Statement

The cash flow statement has been prepared in accordance with IAS 7 and is classified into net cash flows from operating, investing, and financing activities.

Net cash flow from operating activities is presented using the indirect method, while net cash flows from investing and financing activities are presented using the direct method.

Cash funds are composed of cash and cash equivalents that can be converted into cash at any time and that are exposed to no more than insignificant fluctuations in value.

Notes to the Segment Reporting

Segment reporting in the Beiersdorf Group is based primarily on the products manufactured and sold by the business segments. The breakdown of the Group into the Consumer and tesa business segments reflects the internal organizational structure. In order to show the global breakdown of business activities in the Beiersdorf Group, the classification by region is presented in addition.

The net sales shown for the regions are based on the domiciles of the respective companies.

Consolidated companies domiciled in Germany generated **sales** of €1,389 million in 2009 (previous year: €1,506 million) and reported **non-current assets** (not including financial instruments, deferred taxes, and plan assets) of €524 million (previous year: €515 million).

EBIT excluding special factors represents the operating result, adjusted for income from and expenses for the realignment of the Consumer Supply Chain as well as income from divestments.

EBITDA represents the operating result (EBIT) before depreciation and amortization/impairment.

The **EBIT return on net operating capital** is the ratio of the operating result (EBIT) to net operating capital.

Gross cash flow is the excess of operating income over operating expenses before any further appropriation of funds.

Net operating capital of €1,379 million (previous year: €1,496 million) consists of gross operating capital less operating liabilities.

The following table shows the reconciliation of net operating capital to the balance sheet items:

IN € MILLION		
Assets	2008	2009
Intangible assets	398	382
Property, plant, and equipment	727	725
Inventories	634	561
Trade receivables	894	906
Other receivables and other assets (operating portion) ¹	182	140
Gross operating capital	2,835	2,714
Gross non-operating assets	1,633	1,880
Total balance sheet assets	4,468	4,594
Equity and liabilities	2008	2009
Other provisions (operating portion) ²	494	529
Trade payables	690	699
Other liabilities (operating portion) ³	155	107
Operating liabilities	1,339	1,335
Equity	2,460	2,636
Non-operating liabilities	669	623
Total balance sheet equity and liabilities	4,468	4,594

¹ Not including tax receivables.

² Not including tax provisions.

³ Not including tax liabilities.

Other Disclosures

Remuneration of the Executive and Supervisory Boards

Please refer to the Remuneration Report, which is a component of the consolidated financial statements, on page 57 in the Group Management Report, for the disclosures required by § 314 (1) No. 6 of the *Handelsgesetzbuch* (German Commercial Code, *HGB*) and IAS 24.16.

Related Party Information in Accordance with IAS 24

Since March 30, 2004, maxingvest ag has held more than 50% of Beiersdorf AG's share capital. Accordingly, Beiersdorf AG is a dependent company within the meaning of § 312 (1) sentence 1 in conjunction with § 17 (2) *Aktiengesetz* (German Stock Corporation Act, *AktG*). Since no control agreement exists between Beiersdorf AG and maxingvest ag, the Executive Board of Beiersdorf AG prepares a report on Dealings among Group Companies in accordance with § 312 (1) sentence 1 *AktG*. In fiscal year 2009, Beiersdorf AG and its affiliated companies and maxingvest ag and its affiliated companies pooled purchase volumes to achieve cost benefits, as well as sourcing products from each other on a very small scale at standard market terms, as in the previous year. There was also limited collaboration in particular with respect to marketing campaigns and in the area of market research and quality checks.

Exercise of Exemption Options

The following German affiliates included in the consolidated financial statements of Beiersdorf AG exercised the exemption option under § 264 (3) *HGB* in fiscal year 2009:

- Beiersdorf Manufacturing Hamburg GmbH, Hamburg
- Beiersdorf Manufacturing Berlin GmbH, Berlin
- Florena Cosmetic GmbH, Waldheim
- La Prairie Group Deutschland GmbH, Baden-Baden
- Juvena Produits de Beauté GmbH, Baden-Baden
- Juvena La Prairie GmbH, Baden-Baden
- Beiersdorf Shared Services GmbH, Hamburg
- Allgemeine Immobilien- und Verwaltungsgesellschaft m.b.H., Baden-Baden
- Prof. Steinkraus Research Laboratories Produkte GmbH, Baden-Baden (merged with La Prairie Group Deutschland GmbH during the fiscal year).

Declaration of Compliance with the German Corporate Governance Code

In September 2009, Beiersdorf AG's Executive Board and Supervisory Board updated the Declaration of Compliance with the recommendations of the Government Commission on the German Corporate Governance Code for fiscal year 2008 in accordance with § 161 *AktG* and issued the Declaration of Compliance for fiscal year 2009 in December 2009. The Declaration of Compliance was made permanently accessible to shareholders on the Company's website at www.Beiersdorf.com/Declaration_of_Compliance.

Audit

The Annual General Meeting on April 30, 2009 elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as the auditors of Beiersdorf AG and the Beiersdorf Group for fiscal year 2009.

The following table gives an overview of the fees paid to the Group auditors, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, and recognized as expenses in the fiscal year:

FEES PAID TO THE GROUP AUDITORS // IN € THOUSAND

	2008	2009
Audit services	776	817
Other assurance services	109	115
Tax advisory services	184	67
Other services	–	–
Total	1,069	999

Shareholdings of Beiersdorf AG

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

Shareholdings in Beiersdorf AG

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

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

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

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

3. We were also informed of the following:

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

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

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

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

The voting right notification issued on December 29, 2004 by maxingvest ag (which at the time traded under the name of Tchibo Holding AG) in accordance with § 21 (1) WpHG disclosed that Tchibo Beteiligungsgesellschaft mbH exceeded the 50% threshold

for the first time when it acquired 20.10% of voting rights in Beiersdorf Aktiengesellschaft from Tchibo Holding AG, and that it held 50.46% (42,386,400 voting rights) in Beiersdorf Aktiengesellschaft as of December 22, 2004.

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

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

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

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

4. In accordance with § 25 (1) sentence 3 in conjunction with § 21 (1) sentence 1 *WpHG* (former version), Beiersdorf AG also announced that it had exceeded

the threshold of 5% of the voting rights in its own company on February 3, 2004, and that a share of 9.99% has been attributable to it since then. The own shares held by the Company do not carry voting or dividend rights in accordance with § 71b *Aktiengesetz* (German Stock Corporation Act, *AktG*).

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

IN € MILLION

	2009
Profit after tax of Beiersdorf AG	381
Transfer to retained earnings	190
Net retained profits of Beiersdorf AG	191

At the Annual General Meeting, the Executive Board and Supervisory Board will propose that the net retained profits for fiscal year 2009 of €191 million should be utilized as follows:

IN € MILLION

	2009
Distribution of a dividend of €0.70 per no-par value share carrying dividend rights (226,818,984 no-par value shares)	159
Transfer to other retained earnings	32
Net retained profits of Beiersdorf AG	191

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

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

SUPERVISORY BOARD COMMITTEES

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

EXECUTIVE BOARD*

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

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

Hamburg, February 9, 2010

Beiersdorf AG
The Executive Board

04

ANNUAL REPORT 2009

Auditors' Report and Responsibility Statement



[www.Annual_Report.Beiersdorf.com/
Auditors_Report_and_Responsibility_Statement](http://www.Annual_Report.Beiersdorf.com/Auditors_Report_and_Responsibility_Statement)

Auditors' Report

We have audited the consolidated financial statements prepared by Beiersdorf Aktiengesellschaft, Hamburg, comprising the balance sheet, the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law under § 315a (1) of the *Handelsgesetzbuch* (German Commercial Code, *HGB*) are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 of the *HGB* and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position, and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance.

Knowledge of the business activities and the economic and legal environment of the Group 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 consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit.

The audit includes assessing the annual financial statements of those entities included in the consolidated financial statements, the determination of entities to be included in consolidation, the accounting and consolidation principles used, and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group 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 consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law under § 315a (1) of the *HGB*, and give a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, February 10, 2010

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

LUDWIG
GERMAN PUBLIC AUDITOR

OPASCHOWSKI
GERMAN PUBLIC AUDITOR



Responsibility Statement by the Executive Board

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

Hamburg, February 9, 2010

The Executive Board

THOMAS-B. QUAAS
CHAIRMAN OF THE
EXECUTIVE BOARD

DR. BERNHARD DÜTTMANN
MEMBER OF THE
EXECUTIVE BOARD

MARKUS PINGER
MEMBER OF THE
EXECUTIVE BOARD

PETER KLEINSCHMIDT
MEMBER OF THE
EXECUTIVE BOARD

PIETER NOTA
MEMBER OF THE
EXECUTIVE BOARD

JAMES C. WEI
MEMBER OF THE
EXECUTIVE BOARD



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ANNUAL REPORT 2009

Additional Information



[www.Annual_Report.Beiersdorf.com/
Additional_Information](http://www.Annual_Report.Beiersdorf.com/Additional_Information)

Annual Financial Statements of Beiersdorf AG

in Accordance with the *HGB* (Condensed)*

INCOME STATEMENT – BEIERSDORF AG // IN € MILLION

	2008	2009
Sales	1,050	1,054
Other operating income	121	169
Cost of materials	-228	-270
Personnel expenses	-213	-229
Depreciation and amortization of property, plant, and equipment, and intangible assets	-46	-46
Other operating expenses	-578	-504
Special factors relating to the realignment of the Consumer Supply Chain	35	-
Operating result	141	174
Financial result	213	272
Result from ordinary activities	354	446
Taxes on income	-61	-65
Profit after tax	293	381

BALANCE SHEET – BEIERSDORF AG // IN € MILLION

	Dec. 31, 2008	Dec. 31, 2009
Assets		
Intangible assets	115	81
Property, plant, and equipment	66	66
Financial assets	1,201	1,204
Non-current assets	1,382	1,351
Inventories	1	2
Trade receivables	88	65
Other receivables and other assets	251	241
Securities	1,816	1,894
Cash and cash equivalents	235	268
Current assets	2,391	2,470
	3,773	3,821
Equity and liabilities		
Equity	2,056	2,233
Special reserve with an equity portion	40	42
Provisions for pensions and other post-employment benefits	519	452
Other provisions	255	259
Provisions	774	711
Trade payables	26	31
Other liabilities	877	804
Liabilities	903	835
	3,773	3,821

* The full version of Beiersdorf AG's annual financial statements and management report, together with the unqualified audit opinion by the auditors, is published in the *Bundesanzeiger* (Federal Gazette) and is filed with the companies register. The annual financial statements and management report of Beiersdorf AG are also available online at www.Beiersdorf.com.

Glossary

Cash Flow

Key indicator used to assess a company's financial position and earnings power. Cash flow is determined from the inflows and outflows of cash and cash equivalents from operating, investing, and financing activities.

Consolidated Group

Parent company and affiliates that are included in the consolidated financial statements.

Consumer Insights

Findings relating to the wishes and needs of consumers. They are a key basis for developing new ideas and products.

CSR – Corporate Social Responsibility

Umbrella term used to denote the responsibility exercised by companies towards society, which encompasses economic, ecological, and social issues.

DAX – Deutscher Aktienindex

German equity index compiled by Deutsche Börse that tracks the share price performance of the 30 largest German companies, including Beiersdorf AG.

Deferred Taxes

Deferred tax assets and liabilities are recognized for temporary differences between the tax base of assets and liabilities and their carrying amounts in the balance sheet and for tax loss carry forwards.

Divestments

Affiliates or parts of a business that have been sold.

Dividend

A dividend is the proportion of the profit distributed by a company that is attributable to a single share.

EBIT

Earnings before interest and taxes.

EBITDA

Earnings before interest, taxes, depreciation, and amortization/impairment.

EBIT Margin

The EBIT margin is the ratio of EBIT to sales.

Equity

A company's equity is the difference between the value of its assets and its liabilities.

Equity Ratio

Ratio of equity to total assets. Indicates a company's financial strength and therefore its economic stability.

Free Float

The proportion of shares issued by a company that is in principle available for stock exchange trading.

IASs – International Accounting Standards / IFRSs – International Financial Reporting Standards

Standards issued by the International Accounting Standards Board (IASB). Under the EU IAS Directive, listed companies in Europe must prepare their accounting and reporting in accordance with these standards.

In Vitro

In research, in vitro relates to experiments that are conducted in a controlled artificial environment outside a living organism, e.g., in a test tube.

Market Capitalization

Market capitalization denotes a company's stock market value. It is calculated by multiplying the current share price by the number of outstanding shares.

Net Retained Profits

Net amount of profit after tax for the fiscal year, profits or losses brought forward, and the appropriation of profits.

Organic

Sales trend on a like-for-like basis (i.e., excluding prior-year sales by divestments or new sales contributed by acquisitions, for example) and adjusted for currency translation effects.

POS – Point of Sale

The place at which goods are bought (by the consumer) or sold (by the retailer).

Special Factors

One-time income or expenses that have a material effect on the Beiersdorf Group's overall earnings. These include the realignment of the Consumer Supply Chain and divestments.

Statement of Comprehensive Income

Reconciliation of income and expenses recognized in the income statement and changes in comprehensive income for the period that are recognized directly in equity, including deferred taxes.

Supply Chain Management

Management of the movement of goods and the flow of information between a company and its suppliers and customers to achieve strategic advantages. It comprises the processes involved in materials management, logistics, physical distribution management, procurement, and information management.

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Ten-year Overview

TEN-YEAR OVERVIEW // IN € MILLION (UNLESS OTHERWISE STATED)

	2000	2001	2002	2003 ¹	2004	2005	2006 ²	2007 ²	2008 ²	2009 ²
Sales	4,116	4,542	4,742	4,435	4,546	4,776	5,120	5,507	5,971	5,748
Change against prior year (in %)	13.1	10.3	4.4	-1.3	2.5	5.1	7.2	7.6	8.4	-3.7
Consumer ⁶	3,448	3,870	4,049	3,739	3,840	4,041	4,327	4,661	5,125	5,011
tesa	668	672	693	696	706	735	793	846	846	737
Europe	2,855	3,183	3,410	3,329	3,388	3,498	3,717	3,909	4,090	3,767
Americas	832	903	819	638	635	687	738	782	832	851
Africa/Asia/Australia	429	456	513	468	523	591	665	816	1,049	1,130
EBITDA	538	620	633	614	656	693	660	738	911	722
Operating result (EBIT)	389	466	472	455	483	531	477	616	797	587
Profit before tax	382	468	478	491	492	535	851	644	822	583
Profit after tax	226	285	290	301	302	335	668	442	567	380
Return on sales (after tax) (in %)	5.5	6.3	6.1	6.4	6.6	7.0	13.0	8.0	9.5	6.6
Earnings per share (in €)	0.87	1.11	1.12	1.17	1.29	1.45	2.93	1.93	2.48	1.65
Total dividend equity holders	84	109	118	121	121	129	136	159	204	159
Dividend per share (in €)	0.33	0.43	0.47	0.53	0.53	0.57	0.60	0.70	0.90	0.70
Beiersdorf's shares – year-end closing price⁵	37.17	42.50	35.37	32.07	28.53	34.64	49.12	53.00	42.00	45.93
Market capitalization as of Dec. 31	9,366	10,710	8,912	8,081	7,190	8,736	12,378	13,356	10,584	11,574
Cost of materials	1,112	1,196	1,205	1,149	1,113	1,147	1,229	1,285	1,453	1,199
Personnel expenses	786	817	863	808	804	840	889	889	922	947
Research and development expenses	88	92	93	97	101	109	118	127	149	149
As % of sales	2.1	2.0	2.0	2.2	2.2	2.3	2.3	2.3	2.5	2.6
Employees as of Dec. 31	16,590	17,749	18,183	18,664	16,492	16,769	17,172	21,101	21,766	20,346
Intangible assets	118	138	128	94	58	34	30	357	398	382
Property, plant, and equipment	808	871	917	876	887	882	740	699	727	725
Non-current financial assets	24	18	22	94	93	5	8	7	11	10
Inventories	595	695	677	629	558	536	548	598	634	561
Receivables and other assets ³	804	811	832	789	815	967	940	1,123	2,085	3,417
Cash and cash equivalents	632	714	722	828	290	483	1,230	1,117	613	767
Equity	1,458	1,636	1,727	1,831	1,033	1,293	1,790	2,070	2,460	2,636
Liabilities	1,523	1,611	1,571	1,479	1,668	1,614	1,706	1,831	2,008	1,958
Provisions	752	761	808	790	776	752	809	781	729	750
Trade payables	356	337	293	293	308	369	485	573	690	699
Other financial liabilities	180	237	191	157	300	197	137	220	246	165
Other liabilities ⁴	235	276	279	239	284	296	275	257	343	344
Total equity and liabilities	2,981	3,247	3,298	3,310	2,701	2,907	3,496	3,901	4,468	4,594
Equity ratio (in %)	49	50	52	55	38	44	51	53	55	57

¹ Restated to reflect the new reporting structure (BSN medical at equity).

² Figures include special factors. For details please refer to the notes on page 98.

³ Including non-current assets and disposal groups held for sale.

⁴ Including liabilities associated with assets held for sale.

⁵ Figures 2000 to 2005 adjusted to the number of shares after the share split.

⁶ Consumer figures for 2000 to 2002 include sales of the former cosmed and medical segments.

Financial Calendar

DATES

April 29, 2010	Annual General Meeting
April 30, 2010	Dividend Payment
May 6, 2010	Interim Report January to March 2010
August 5, 2010	Interim Report January to June 2010
November 4, 2010	Interim Report January to September 2010, Financial Analyst Meeting
January 2011	Publication of Preliminary Group Results
February / March 2011	Publication of Annual Report 2010, Annual Accounts Press Conference, Financial Analyst Meeting
April 21, 2011	Annual General Meeting
May 2011	Interim Report January to March 2011
August 2011	Interim Report January to June 2011
November 2011	Interim Report January to September 2011, Financial Analyst Meeting

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BDF ●●●●

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Passion for Skin & Beauty Care

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