Annual Report 2011

Skin Care for You

BDF
Beiersdorf

Beiersdorf 2011

Fiscal Year 2011

Beiersdorf at a Glance

Beiersdorf

Skin Care for You

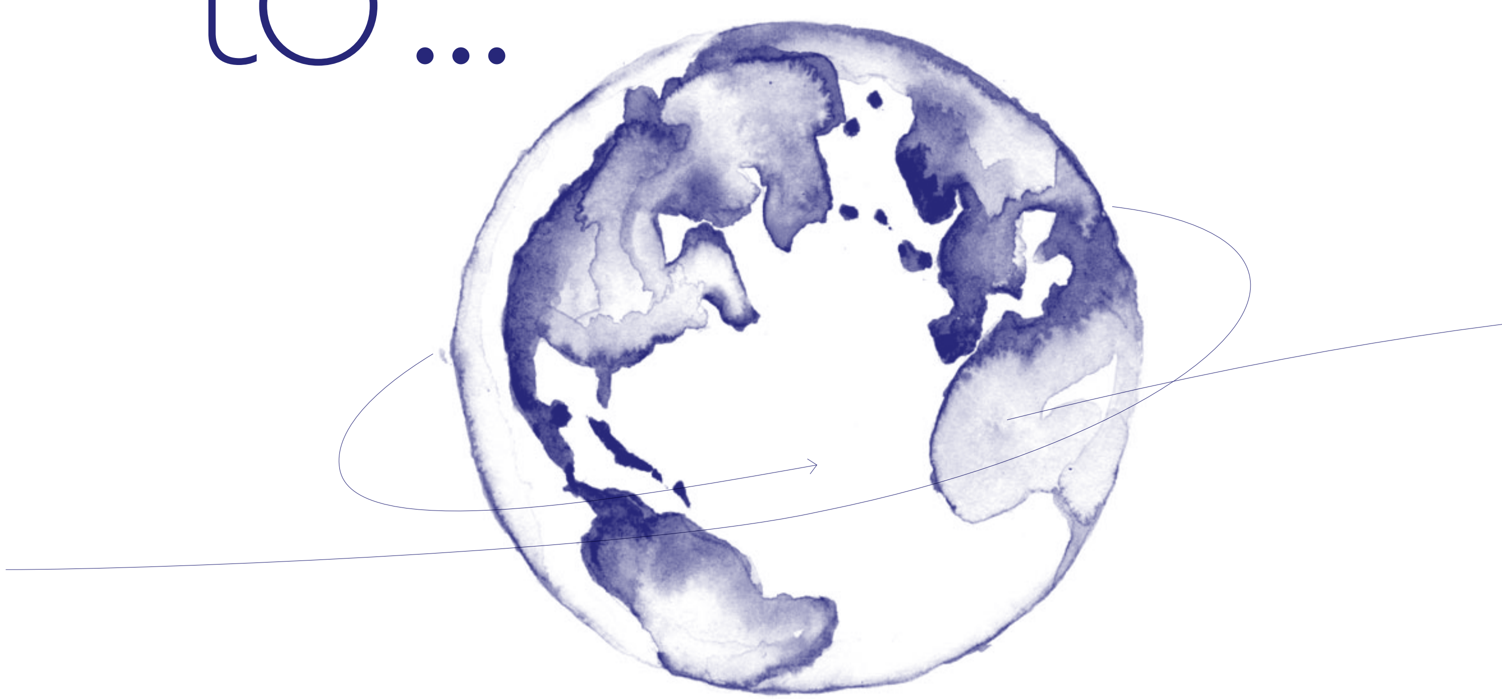
Differences make us special

Beiersdorf knows the individual skin and body care wishes and needs that make up each person, and has them firmly in sight. —— We are interested in our consumers as individuals. We want to understand what is important to them and how they live. We listen to them, observe them closely, and develop skin care products that meet their needs and satisfy them at all levels. —— These needs differ not only from person to person but also from region to region. This closeness to our consumers around the world is the basis for NIVEA, Eucerin, and La Prairie, our successful international brands. With them we have developed an unique product portfolio that is individually tailored to the wide range of consumer wishes. —— In this Annual Report you will get to know six people from different countries and learn about the wishes and needs that make them so special.

Skin Care for You

DIFFERENCES
MAKE US SPECIAL

Focus on Skin Care. Closer to ...



Looking for differences small and large.

“Focus on Skin Care. Closer to Markets.” is our strategy. We know that to be closer to the market you have to be closer to consumers. This is why we observe our consumers closely to understand what moves them and what their individual needs are.

An important prerequisite for this is closeness to the regional markets. Only this allows us to meet our goal of developing high-quality, effective skin care products for our consumers around the world: Skin Care for You.

“Happiness is the small moments.”
Jacques (65) & Julien Dupont (5)
– Marseille, France

DIFFERENCES MAKE US SPECIAL

Closer to Jacques & Julien: on a voyage of discovery in Marseille.

— Marseille, France —

Julien and his granddad have a fun- and activity-filled program ahead of them. Typical for Julien – and for Jacques, who is still living life to the full at the age of 65. Although people in Europe are getting older, they are staying younger in the process. They are actively shaping their lives and want to experience things. At the top of the list is often spending free time with family. People are more conscious about taking care of themselves and a well-groomed appearance also plays an important role. Awareness of the need for skin care has increased in Europe in recent years. Many people specifically want to protect their skin against environmental impacts such as from the sun. Beiersdorf is responding to these needs and is developing innovative skin care products. This is where we benefit from our extreme closeness to consumers. Europe is the market in which our success began, and it is our strongest-selling and most profitable region. Eastern Europe is a future growth market. NIVEA, the world's number 1 for skin care*, has been a global success for more than 100 years. We aim to extend this position – not only in Europe, but in the entire world. Eucerin, a leading medical skin care brand, offers great growth potential, while our Hansaplast plaster brand is also leading in its segment in Europe. We are doing everything to consolidate and expand this excellent market position.

EUROPE

REPORTING REGION

CONSUMER BUSINESS SEGMENT

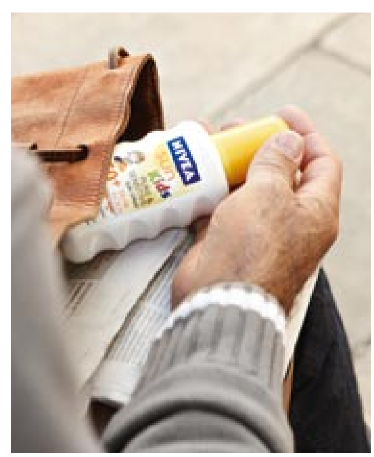
71
— Affiliates —

€2,792 million
— Sales —

59.5%
— Share of sales —

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

Discovery tour in the harbor: colorful boats and fresh fish.
—



A sunny break.

Jacques & Julien have an incredible view of the city from their picnic spot. And when the sun shines as brightly as today, they cannot forget their sunscreen.

The city is an adventure:
Julien chases pigeons.
—

Anything granddad can do, Julien can, too.

Foam is fun according to Julien, who tests whether he looks just as funny with foam on his chin as his granddad does when shaving.

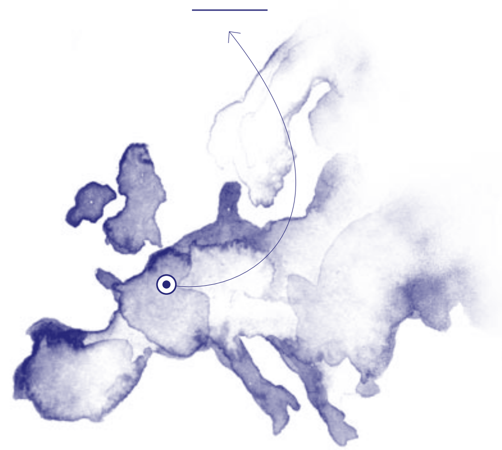
JEAN-FRANCOIS PASCAL (44)
Born in Sète (France)
Corporate Marketing Director

NIVEA Marketing

As International Brand Manager, I am responsible for global brand management in the NIVEA Body Care and NIVEA Creme categories. I have already worked for Beiersdorf in a number of places around the world, such as São Paulo and Paris. My international experience has given me a good understanding of regional market differences, and allows me to gain important insights about our consumers' needs together with my local colleagues. This is an essential basis for further local success.

PARIS

BEIERSDORF S.A.S.



http://www.beiersdorf.com/Video_France

Curta o sol e o calor da vida.

"Enjoy the sunny moments of life."

Joanna Dos Santos (31) & Paolo Rodriguez (34) – Rio de Janeiro, Brazil

DIFFERENCES MAKE US SPECIAL

CLOSER TO
JOANNA
&
PAOLO

Closer to Joanna & Paolo: a sunny day in Rio de Janeiro.

— Rio de Janeiro, Brazil —

Sun, exercise, and fresh air – a day at the sea promises pure relaxation. Joanna and Paolo are enjoying their free time on a Rio de Janeiro beach. Nowhere else in the world are people so conscious about their bodies and skin and body care as in this country. The strong growth of the Brazilian economy has boosted the purchasing power of middle- and low-income groups in particular, allowing them to realize more and more of their wishes in the areas of skin and body care and well-being. However, it is not only Brazil where the market for skin care is seeing strong growth – the whole of Latin America has high potential. A total of approximately 545 million people live in the region, some 60% more than in North America. Latin America is an impressive example of Beiersdorf's growth opportunities in the emerging markets – the aspiring and rapidly growing markets in Asia, Europe, and this region. More than 80% of the world's inhabitants live there and the population is increasing by 6% every year. The "Closer to Markets." part of our Consumer Business Strategy aims to ensure our proximity to local markets. It also allows us to respond to consumer wishes, customers, and market conditions much more flexibly, rapidly, and therefore even more successfully. The realignment will strengthen our future earnings power and our competitive ability.

AMERICAS

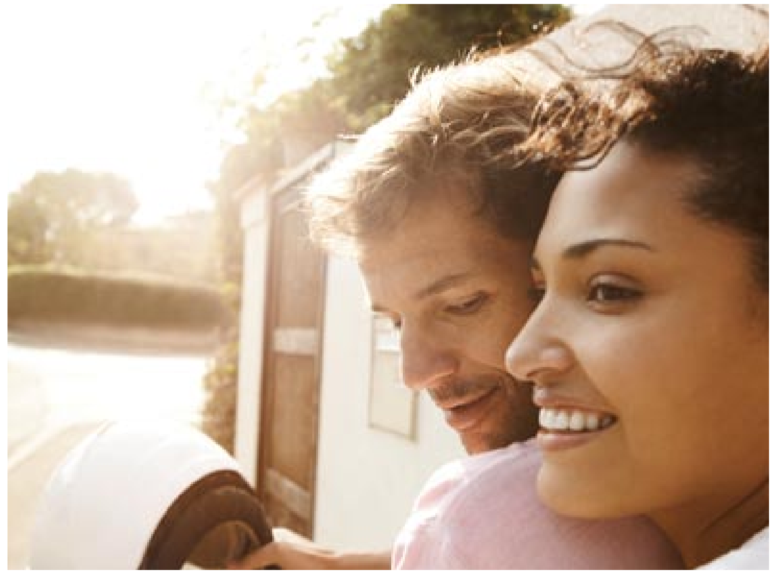
REPORTING REGION

CONSUMER BUSINESS SEGMENT

25
— Affiliates —

€875 million
— Sales —

18.6%
— Share of sales —



— Wind in
your hair
and sand under
your feet. —

A day at the sea.

Paolo and Joanna are enjoying the sun. Paolo puts sunscreen on Joanna's sensitive shoulders to protect them.

Freshening up after a day at the beach.

Now all that's needed is to apply a light care product and then it's off to dinner together to enjoy the sunset.

MIRNA TORRES (29)
Born in São Paulo (Brazil)
Global Category Manager

Raw materials procurement

I began my career at Beiersdorf as a trainee in the Supply Chain area. During this time I had the opportunity to spend six months working in the Shanghai affiliate getting to know the special features of the Chinese market. Now I am responsible for global raw materials procurement. In this capacity, I work together closely with colleagues in Latin America and Asia and benefit from my international experience, which has helped me to develop a good understanding of different mindsets and approaches in different cultures.

SÃO PAULO

BDF NIVEA LTDA.

http://www.beiersdorf.com/Video_Brazil

友谊没有国界

“Friendship knows no borders.”

Lena Riedel (23) & May-Lin Han (21)
– Hamburg, Germany

DIFFERENCES MAKE US SPECIAL

CLOSER TO MAY-LIN & LENA

Closer to May-Lin & Lena: China comes to visit Hamburg.

— Hamburg, Germany —

May-Lin, a Chinese exchange student, experienced typical Hamburg weather on her first day in the city, during a walk with her friend around the port area. She also quickly noticed that in Germany, skin and body care needs differ substantially to those in her home country. Asians have a different skin and hair structure and their own beauty ideal: many of them prefer pale skin. The quest for beauty and a youthful appearance are particularly important to them, which is why they are generally prepared to invest in brand name care products. Functional products offering anti-aging effects, skin lightening creams, or sun protection products are in particularly high demand. Young Chinese people aged between 20 and 30 are especially open to international brands. This offers a great opportunity to continue growing our strong brands in Asia. These special regional features and the fact that four billion people live in Asia underline the importance of the Africa/Asia/Australia reporting region for our global brands. The population is growing rapidly and with it the skin and body care market.

AFRICA/ASIA/AUSTRALIA

REPORTING REGION

CONSUMER BUSINESS SEGMENT

25

— Affiliates —

€1,029 million

— Sales —

21.9%

— Share of sales —

On a tour of the shops in a trendy Hamburg district.

May-Lin's skin needs special protection against cold, wet weather – Beiersdorf's products give her the care she needs.

The NIVEA Haus in the heart of the city.

— Lena and May-Lin take a break after shopping. —

Cooking together as the day comes to an end: May-Lin lets Lena in on the secrets of healthy Asian cooking.
—

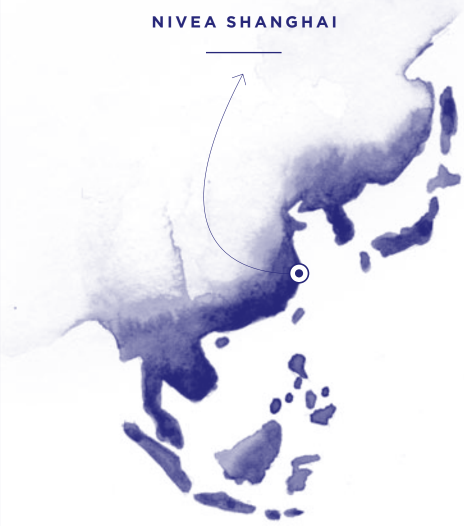
YUEHUA ZHU (27)
Born in Shanghai (China)
Project Manager

Supply Chain Systems

As a Project Manager in the Supply Chain area, I am currently responsible for the Supply Chain projects' IT budget and project management. Before that, I gained two-and-a-half years' experience in the Procurement and Business Process Management area. In my current project, I am regularly in contact with colleagues on an international level. The large number of languages I speak, and my international experience, allow me to contribute significantly to communication with my colleagues in the different regions. That makes collaboration even more efficient.

SHANGHAI

NIVEA SHANGHAI



http://www.beiersdorf.com/Video_China

ABOUT US

Research & Development at Beiersdorf

CLAIRE MATHIEU (27)
Developing prototypes for leave-on products

Innovative research is an important success factor for Beiersdorf's comprehensive know-how and expertise in all areas of skin and body care. Beiersdorf's Skin Research Center is one of the largest and most advanced research centers in Europe and one of the most important worldwide.

Every day Beiersdorf's researchers decode complex metabolic processes in order to understand how everything from individual skin cells right down to the skin in its entirety as an organ work. The goal of these extensive studies is to develop efficient active ingredients – both those found in the skin and from other natural sources. Used in NIVEA and in our other brand products, these stimulate the skin's own processes, keeping it healthy and ensuring it looks cared for. The products are tested rigorously for their effectiveness and tolerability in Beiersdorf's Test Center. This allows active dialog with consumers and provides important information about their individual needs and wishes.

ABOUT US

Most Important Innovations in 2011

NIVEA

Pure & Natural

Beiersdorf focuses consistently on the wishes of its consumers. The NIVEA Pure & Natural care series meets the needs of many of our consumers for care products that contain natural ingredients, without compromising on effectiveness and care. NIVEA Pure & Natural cleansing, face, body, and hand care products are 95% natural or of natural origin and are in parts sourced from certified organic ingredients, such as argan nut oil.

Intensive moisture and freshness

The ingredients:
–
95% are natural or of natural origin

Nature has always been a source of inspiration for Beiersdorf's researchers, who can draw on 130 years' experience and expertise in skin research. Our scientists focused on natural ingredients while developing the new NIVEA Pure & Natural products. They are completely free from silicones, parabens, and colorants.

The formula containing natural, cold-pressed organic argan Argan oil has shown that it helps reduce the appearance of fine wrinkles and that it improves the skin's overall vitality. The NIVEA Visage Pure & Natural anti-wrinkle care products also contain organic burdock extract, which is produced exclusively for Beiersdorf. In addition to its above-average performance in consumer tests, daily use of the NIVEA Visage Pure & Natural anti-wrinkle day and night creams has been proven in scientific studies to significantly reduce wrinkle depth among users.

NIVEA Pure & Natural's combination of natural care and reliable product efficacy make Beiersdorf a successful supplier in the field of near-natural cosmetics. We shall be building on this great success and extending the product range to include additional products in 2012.

NIVEA

Deodorant Invisible for Black & White

NIVEA's new Invisible for Black & White deodorant range for men and women was the most successful international deodorant launch in Beiersdorf's 130-year history. After just nine months, the new generation of Beiersdorf deodorants had reached more buyers than its nearest competitor product in an entire year. The Invisible for Black & White deodorant is the new market leader not only in Germany, but also in Poland, Thailand, Mexico, and the Middle East.

Seven years of intensive research work

The result:
–
innovative "anti-yellow stain technology"

Beiersdorf's impressive successes are largely attributable to the unique benefits that the new generation of deodorants offers: NIVEA Deodorant Invisible for Black & White is the first deodorant that not only provides deodorant protection but also effectively protects dark fabrics from white marks and visibly reduces yellow stains on light-colored textiles. Beiersdorf's scientists invested seven years of intensive research into developing the products. The result: innovative "anti-yellow stain technology" that prevents stain-causing substances from setting into fabric fibers, making them easier to remove. As a result, yellow stains are significantly reduced. This unique double effect has been scientifically proven in several application tests in cooperation with the well-known Hohenstein Textilforschungsinstitut.

NIVEA Deodorant Invisible for Black & White received considerable international attention thanks to extensive advertising campaigns that were consistently customized to the regional conditions. Coupled with a persuasive media plan and a creative concept for approaching consumers – including international partnerships with well-known fashion stores – Invisible for Black & White became the absolute shooting star in the deodorant market in 2011.

NIVEA has made a decisive contribution to the deodorant market with this innovation, meeting consumers' wishes for invisible deodorant protection.

ABOUT US

Highlights 2011

Beiersdorf's anniversary year 2011 – Not just NIVEA celebrated its 100th birthday, but Eucerin, 8x4, and tesa also had reason to celebrate. Eucerin celebrated the brand's 111th birthday with a large-scale point of sale event, direct marketing to consumers, and a website special. 8x4, the youngster among the birthday brands, was launched 60 years ago as one of the first deodorant brands. tesa has offered reliable solutions for the home, craft businesses, and industry for the past 75 years and has become indispensible to everyday life today with more than 6,500 products.

JANUARY / 2011

Pearlfinder – more openness, more partners, more success

In January, Beiersdorf launched the Pearlfinder open innovation initiative for exchanging innovative ideas between creative companies, thinkers, and us. Beiersdorf uses a protected web platform to increase its access to external research and development knowledge in order to continue strengthening the company's innovative power.

NIVEA digital

A digital, interactive brand experience for consumers was created as part of the global NIVEA campaign. In January, Beiersdorf launched the official NIVEA Facebook fan page in Germany, bringing the total to 39 worldwide. By November 2011, they already had

2.7

million fans

across the world, most of them in the USA.

This way NIVEA is able to communicate directly with its consumers. Users can exchange news and views and benefit from useful tips, product information, and special promotions.

MAY / 2011

NIVEA FOR MEN – campaign featuring Jogi Löw goes into extra time

The successful NIVEA FOR MEN campaign from World Cup year 2010 featuring German national soccer team coach Jogi Löw was launched for the second time on May 2. An extensive nationwide consumer campaign was rolled out at retailers alongside a TV commercial. The partnership aims to continue strengthening NIVEA FOR MEN's No. 1 position in the future.

MAY / 2011

New NIVEA umbrella brand campaign: "100 Years Skin Care for Life"

Core values such as trust, honesty, reliability, family, and quality are playing more and more of a role in purchasing decisions. Consumers have attributed these values to the NIVEA brand for generations. In May 2011, NIVEA marked its

100th

anniversary

by launching a global umbrella brand campaign entitled "NIVEA – 100 Years Skin Care for Life" which focused on the topic of skin care and on NIVEA's core values.

NIVEA celebrates its 100th anniversary with a "Skin Journey"

NIVEA celebrated its 100th birthday with a "Skin Journey" on its "Feel Good Ship" on May 9/10. 900 consumers and journalists from all over the world gathered in Hamburg for the event, and to sample the NIVEA theme experiences offered on board. A large number of multimedia exhibitions, presentations, interactive installations, and wellness offerings gave the guests an unique opportunity to experience NIVEA up close.

JULY / 2011

New Executive Board member for Brands & Supply Chain

Ralph Gusko, an experienced Beiersdorf manager and a former General Manager in Asia and Northern Europe, took over the Brands & Supply Chain Executive Board function as of July 1, 2011. Mr. Gusko has worked at Beiersdorf for 22 years. In his new position he is responsible for successfully implementing the next phase of the company's strategic realignment in the markets.

OCTOBER / 2011

Generation change for the Executive Board

Stefan F. Heidenreich (50) was appointed to Beiersdorf AG's Executive Board effective January 1, 2012, and will take over as CEO following the Annual General Meeting on April 26, 2012. The Supervisory Board resolved the generation change in its meeting on October 5, 2011. Mr. Heidenreich had been CEO of the international Hero Group since 2002. The plan is for Thomas-B. Quaas, who has been CEO of Beiersdorf since 2005, to be appointed to the Supervisory Board at the next Annual General Meeting. Mr. Quaas is passing on the baton to his successor after 33 years of successful work for Beiersdorf. Mr. Heidenreich has extensive experience of managing an international branded goods company. Under his management, the Hero Group developed into a leading global manufacturer of baby foods and preserves.

NIVEA and Plan International launch new education project in Guatemala

To mark its 100th anniversary, NIVEA has launched a new education project with children's charity Plan International. The aim of the initiative is to provide children with a better future through education. The "NIVEA 100 Plan project" will support

4,800

socially disadvantaged children and youngsters at 40 schools in Guatemala.

Since October 2011, consumers are able to buy special edition NIVEA Creme tins in stores and so provide active financial support for the children in Guatemala.

Revamped men's range from Florena

In October, Florena launched its line of care products for men, with new product formulas. The trend towards natural ingredients in cosmetics has reached the male population. The new care series offers men everything they need for a well-groomed appearance.

To Our Shareholders

Letter from the Chairman

Ladies and gentlemen,

2011 was a year of major changes for Beiersdorf. The company's two business segments performed very differently, but in line with our planning and expectations: tesa did outstandingly well once again while the Consumer Business Segment was realigned. In the latter, we systematically implemented the package of measures and investments that we announced in December 2010, streamlined our product portfolio, and concentrated on our strengths: the development and distribution of high-quality skin and body care products. At the end of the year, we resolved to implement Beiersdorf's regional focus by realigning our corporate structures and processes. These are to be simplified, optimized, and adapted to reflect the redefined responsibilities for headquarters, the regions, and the affiliates. This represents the start of the final phase of the "Focus on Skin Care. Closer to Markets." Consumer Business Strategy.

The past fiscal year's figures reflect this realignment phase. Group sales rose by 2.1% on a like-for-like basis. In nominal terms, sales rose by 1.1% to €5,633 million. EBIT (excluding special factors) amounted to €646 million (previous year: €699 million), while the corresponding profit after tax was €434 million (previous year: €425 million). The Executive Board and the Supervisory Board will propose a dividend of €0.70 (previous year: €0.70) per no-par value share carrying dividend rights to shareholders at the Annual General Meeting.

Our tesa Business Segment again performed very successfully. In 2011, tesa achieved growth of 7.9% adjusted for currency translation effects. The automotive and electronics sectors of the industry segment recorded significant increases. EBIT rose to €109 million and the EBIT margin was 11.6%. The Business Segment strengthened its basis for future growth with innovations in the automotive and solar industries in particular. These also included the development of high-performance products using renewable or recycled raw materials.

As planned and announced, sales in the Consumer Business Segment – the business with our global brands such as NIVEA, Eucerin, and La Prairie – was up slightly on the prior-year level. There were substantial variations in performance in the individual markets. The European business was affected the most by the streamlining of our product range and our withdrawal from the decorative cosmetics category; as a result, sales in certain countries did not match those for the previous year. However, the United Kingdom and Eastern European countries recorded good growth. Beiersdorf saw strong growth in the Americas region, and in particular in Latin America, where Argentina, Brazil, and the Andean Group stood out. The Africa/Asia/Australia region was on a level with the previous year overall, with Japan, South Africa, and India performing well. In fiscal year 2011 we launched a comprehensive revision of the company's business structures in China, an important future market for Beiersdorf. We intend to develop and stabilize the strengths of our two Chinese enterprises, NIVEA Shanghai and Beiersdorf Hair Care China, separately. These measures have laid the foundations for increasing our earnings power and competitiveness.

The implementation of our "Focus on Skin Care. Closer to Markets." strategy, which involved bundling our activities around the area of skin care, increasingly bore fruit in the second half of the year. We achieved above-average growth in our focus categories, skin and body care. This positive performance was flanked by our global campaign to mark the NIVEA brand's 100th anniversary. We used this unique opportunity to realign our most important brand with a worldwide campaign and to strengthen NIVEA's position as the global number 1 in skin care*. We celebrated the brand's birthday with consumers, business partners, and employees across the whole world. Appreciation of our global brand benefited significantly from these measures. In this way, we have strengthened the basis for NIVEA's sustainable and profitable growth.

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

Thomas-B. Quaas

Chairman of the Executive Board
(until April 26, 2012)

Beiersdorf systematically laid the foundations for a successful future in 2011, both at the strategic level and in the human resources area, with the generation change at the head of the company. I am passing on the baton to Stefan F. Heidenreich, who joined the Executive Board in January 2012 and who will take over as CEO following the Annual General Meeting. He has 15 years' experience of managing an international branded goods company that also successfully asserted itself against larger competitors in the market. I am absolutely convinced that his brand and management expertise make him the ideal successor for the CEO position and that he will react to market requirements rapidly and efficiently together with his Executive Board colleagues.

On behalf of the entire Executive Board, I would like to extend my thanks to all our employees worldwide for their dedication, which has enabled Beiersdorf to be successful even in this difficult transitional period. Their great readiness to embrace change and their high level of identification with the company guarantee its continued positive development. We would also like to thank our retail and business partners, with whom we work very closely. And, last but not least, we would like to thank our shareholders and consumers for their trust in us, which we intend to continue building on in the future.

Sincerely,

Thomas-B. Quaas
Chairman of the Executive Board

The Executive Board of Beiersdorf AG

01 Thomas-B. Quaas

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

Responsible for:
- Strategic Corporate Development
- Corporate Communications, Internal Audit
- Sustainability
- Asia and Australia
  (acting as of January 1, 2012)

02 Dr. Ulrich Schmidt

Born in 1953 in Bad Bevensen (Germany)
Member of the Executive Board since January 1, 2011

Responsible for
Finance/Human Resources:
- Finance/Controlling
- Legal/IT
- Human Resources

03 Ralph Gusko

Born in 1961 in Cologne (Germany)
Member of the Executive Board since July 1, 2011

Responsible for
Brands & Supply Chain:
- Marketing/Sales/Research & Development
- Procurement/Production/Logistics
- Quality Management

04 Peter Feld

Born in 1965 in Gummersbach (Germany)
Member of the Executive Board since 2010

Responsible for:
- Europe/North America

05 Ümit Subaşi

Born in 1967 in Istanbul (Turkey)
Member of the Executive Board since March 1, 2011

Responsible for:
- Emerging Markets


01


02

CHANGE OF MANAGEMENT

The Supervisory Board of Beiersdorf AG would like to thank Markus Pinger and James C. Wei for their contribution to the company.

Markus Pinger was responsible for Brands & Supply Chain until June 30, 2011. James C. Wei was responsible for Asia and Australia until December 31, 2011.

Generation Change at the Top

Fiscal year 2012 will see a generation change at the head of the Beiersdorf Group.
Stefan F. Heidenreich (50) joined the company's Executive Board in January 2012. He will take over as CEO from Thomas-B. Quaas, who is scheduled to switch to the Supervisory Board, after the Annual General Meeting on April 26, 2012.

Heidenreich has 15 years' experience of managing an international branded goods company that has successfully asserted itself in the market. Starting in 1992, he drove forward the expansion of the Eastern European markets for Reckitt Benckiser's laundry and cleaning products division. Following a two-year stint at Bertelsmann, he returned to the international branded goods business in 1996 as a member of Hero's Executive Board. Under his management, the Group developed into a leading global manufacturer of baby foods and jams.

Mr. Heidenreich is taking over the top job at Beiersdorf with pleasure, but also great respect. "I am looking forward to leading this fascinating company into the future together with its employees," he commented on his appointment. He spoke of his great respect for how Beiersdorf has developed its NIVEA brand into the world's largest skin care brand*. Continuing, Mr. Heidenreich said, "Beiersdorf is a leading international skin care company with exceptionally well-established brands, remarkable innovative ability, and great growth potential."

Together with his Executive Board colleagues, the new head of Beiersdorf has to overcome a number of challenges to leverage the company's enormous potential and ensure its success in the future. He is definitely bringing the right attitude and the necessary leadership ability with him. As he says, "I know what I want and am very driven by results." Above all, it is important to inspire people in the company and to bring everyone along on the journey. "Success is always based on teamwork, especially if you are a relatively small company wanting to succeed against larger competitors." This is why he enjoys it in a typically reserved northern German way, rather than talking too much about it.

For Stefan F. Heidenreich, "focus and speed, innovative products, and passionate, big-hearted employees" are vital. He is convinced that it is important to act rather than merely react, to take risks, and accept that mistakes will happen – because then you can learn from them. Thanks to his passion for sports, he has also learned that it is a long road to success and you must continue to motivate yourself along the way and retain your sense of enjoyment in the process. He has applied this lesson at the various levels in his career. After high school and a degree in business administration, Stefan F. Heidenreich started off in the consumer goods sector with Procter & Gamble, where he gained his first taste of marketing. Following two further positions in the consumer goods and media sectors, he moved to the Hero Group.

The new Chairman of the Executive Board has already left a lasting impression at Beiersdorf. After the decision was taken to implement the generation change, the departing CEO Thomas-B. Quaas said, "Stefan F. Heidenreich's brand and management experience makes him the ideal successor."
Prof. Dr. Reinhard Pöllath, Chairman of the Supervisory Board, added, "He stands for continuity in the implementation of Beiersdorf's strategy and business model."

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

Stefan F. Heidenreich

Chairman of the Executive Board
(as from April 26, 2012)

Beiersdorf's Shares and Investor Relations

Beiersdorf's share price performance in 2011 was dominated by what was initially a wait-and-see attitude on the part of the capital markets, followed by a very stable performance during the euro and sovereign debt crisis. The shares got off to a muted start in the first quarter of 2011 and were initially impacted by the announcement of the extensive package of measures and investments made at the end of the previous year. The discussion with capital market participants at the analyst conference in March then enabled management to answer the questions about the Group's strategic positioning; the organizational changes on the Executive Board also met with a positive response. Beiersdorf's share price towards the end of the quarter had already significantly outperformed the Household and Personal Care (HPC) sector and had also outstripped the DAX as a whole.

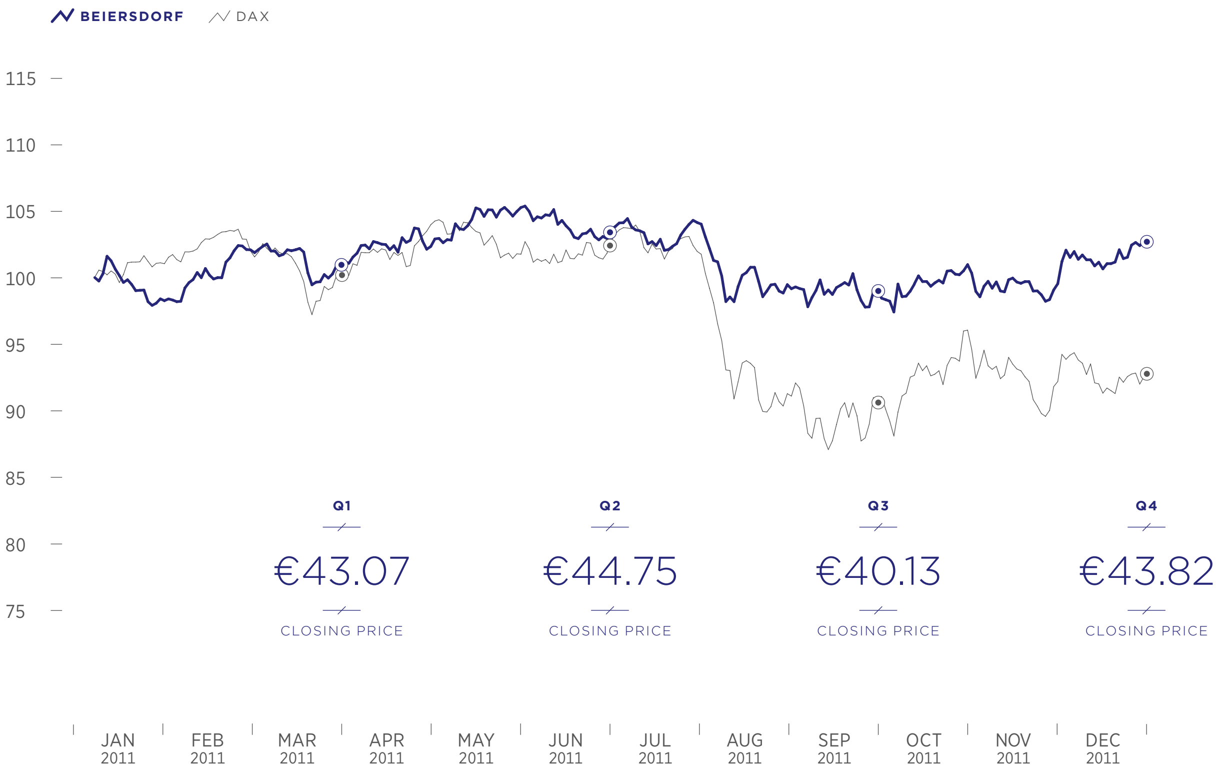
Share price performance was stable overall in the second quarter. The publication of the company's results in May and the management's explanations were well received. The focus of discussions with investors at several international conferences and at the company's headquarters in Hamburg was on the realignment of the NIVEA brand's positioning, the associated costs, and the anticipated positive effect on brand equity.

The euro and sovereign debt crisis that began in the summer significantly impacted the international equity markets, causing the DAX to shed close to one-quarter of its value within two weeks in August. Beiersdorf's share price mirrored these macroeconomic events, although by a considerably smaller amount. When Beiersdorf published its sales and earnings figures in August, the market was interested in the progress made in streamlining the product range and in the introduction of the new NIVEA marketing platform.

Beiersdorf's shares continued their very robust development in the fourth quarter. They maintained their lead both over the DAX index and over the majority of other market players in the HPC sector. At the discussion of the Q3 results in November, market participants were interested in the management's unchanged positive outlook for the full year. In December, the announcement of the second phase of the strategy implementation further stabilized share price performance. This enabled our shares to gain ground slightly on the DAX in December as well, ending the year at €43.82.

For more information on Beiersdorf's Shares please visit — WWW.BEIERSDORF.COM/SHARES.
For more information on Investor Relations please visit — WWW.BEIERSDORF.COM/IR.

1.01 Beiersdorf's Share Price Performance 2011
Jan. 1–Dec. 31/relative change in %



1.02 Basic Share Data

Company name	Beiersdorf Aktiengesellschaft
WKN	520000
ISIN	DE 0005200000
Stock trading venues	**Official Market:** Frankfurt/Main and Hamburg **Open Market:** Berlin, 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

1.03 Shareholder Structure (in %)
As of Dec. 31, 2011

Report by the Supervisory Board

Reinhard Pöllath
Chairman
of the Supervisory Board

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

1. The Supervisory Board's Work

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

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

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

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

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

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

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

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

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

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

2. Committee Work

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

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

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

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

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

The **Mediation Committee** did not meet.

3. 2011 Annual Financial Statements and Audit

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

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

4. Changes

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

5. Thanks

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

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

Hamburg, February 23, 2012

For the Supervisory Board

Reinhard Pöllath

Reinhard Pöllath

Corporate Governance

Corporate Governance Report 2011

Corporate governance – good corporate management and supervision – has always been a high priority at Beiersdorf. Close, efficient cooperation between the Executive and Supervisory Boards, a focus on shareholder interests, open corporate communication, proper accounting and auditing, compliance with statutory provisions and corporate guidelines, and responsible risk management are the basis of the company's success in this area.

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

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

I. Declaration of Compliance

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

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

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

In fiscal year 2011, Beiersdorf Aktiengesellschaft complied with, and continues to comply with, all recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated May 26, 2010 with the following exception:

In accordance with section 4.2.3 (4), in concluding Executive Board contracts, care shall be taken to ensure that payments made to an Executive Board member on premature termination of his contract without serious cause, including fringe benefits, do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the contract.

This recommendation was complied with in concluding employment contracts with new Executive Board Members since fiscal year 2009. Thus all employment contracts with Executive Board Members contain a severance payment cap except the employment contract of the Chief Executive Officer who is an Executive Board Member since 1999 already. The Chief Executive Officer will resign from the Executive Board with the conclusion of the Annual General Meeting 2012; thus no severance payment cap was included in his employment contract, however, his employment contract contains another lump-sum restriction of the compensation for the time after resignation.

Hamburg, December 2011

For the Supervisory Board

Prof. Dr. Reinhard Pöllath
Chairman of the Supervisory Board

For the Executive Board

Thomas-B. Quaas
Chairman of the Executive Board

Dr. Ulrich Schmidt
Member of the Executive Board

II. General Information on Beiersdorf's Management Structure

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

1. The Supervisory Board

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

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

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

The Supervisory Board evaluates its work on a regular basis. The results are discussed by the full Board and any measures for improvement resolved. The most recent Supervisory Board efficiency review was performed in fall 2010 with the aid of external consultants.

The members of the Supervisory Board are responsible for attending the necessary training and further education measures required for their work. The company provides them with appropriate support in this area, such as by organizing internal training events on topics that are of relevance to Supervisory Board work.

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

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

International Focus

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

Appropriate Degree of Female Representation

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

Age Limit and Conflicts of Interest

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

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

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

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

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

The **Audit Committee** prepares the decisions of the Supervisory Board on the approval of the annual and consolidated financial statements, the proposal to the Annual General Meeting on the election of the auditors, and the agreement with the auditors (issuing the audit engagement, stipulating the areas of emphasis of the audit, and agreeing the fee). In addition, the Audit Committee verifies the auditors' independence and approves additional services that they provide. Finally, the Audit Committee advises and supervises the Executive Board on questions relating to accounting, and discusses the interim reports with the Executive Board before they are published.

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

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

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

The composition of the Supervisory Board and its committees can be found on our website at —— WWW.BEIERSDORF.COM/BOARDS and on —— PAGE 157F. of this Annual Report.

2. The Executive Board

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

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

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

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

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

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

Executive Board members disclose potential conflicts of interest to the Supervisory Board without delay and inform their colleagues on the Executive Board of them. Material transactions between the company and members of the Executive Board and their related parties require the approval of the Supervisory Board; such transactions must comply with the standards customary in the sector. Sideline activities also require the approval of the Supervisory Board.

The company has taken out a D&O insurance policy for the members of the Executive Board that provides for a deductible in the amount of 10% of any damage incurred, up to one-and-a-half times the fixed annual remuneration of the Executive Board member.

3. The Annual General Meeting

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

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

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

III. Remuneration Report

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

1. Remuneration of the Executive Board

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

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

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

b) Overview

The remuneration system for the Executive Board takes into account the tasks and performance of the individual members of the Executive Board and the Executive Board as a whole, the company's economic and financial situation, its performance and outlook, as well as its peer companies.

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

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

[1] The term used in the previous year, "Long-Term Bonus," was replaced by "Multi-Year Bonus."
[2] The MTI previously agreed expired in fiscal year 2010 and was not paid out.

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

aa) Fixed Remuneration

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

bb) Variable Bonus for 2011

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

The size of the EBIT component is calculated on the basis of the return on sales. The Supervisory Board may take into account any special factors as well as changes in marketing and research and development expenses in fiscal year 2011. The size of the sales component, which was introduced in 2011, is calculated on the basis of sales growth. The Supervisory Board may take special factors into account in the process.

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

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

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

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

[3] The Variable Bonus for Thomas-B. Quaas and James C. Wei continues to be governed by the 2010 provisions ("Variable Bonus for 2010" – under dd) below).
[4] The relevant period was shortened to three years (previously: four) due to the introduction of the long-term Enterprise Value Component.

cc) Enterprise Value Component

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

The increase in value is the increase in enterprise value from the beginning to the end of the Bonus Period. In each case, this is calculated as an average over three years. The increase in enterprise value corresponds to the percentage share of the Executive Board member's Enterprise Value Component that will be paid to him provided that the Annual General Meeting has approved his actions during and after the Bonus Period (insofar as they had to resolve this), with the amount being prorated depending on the ratio of his term of office to the Bonus Period. The Supervisory Board is entitled to make adjustments following a due assessment of the circumstances, in particular by adjusting the performance indicators for special factors or for inflation, or by increasing or decreasing the Enterprise Value Component for objective reasons by up to 20%.

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

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

[5] The Enterprise Value Component was not introduced for Thomas-B. Quaas and James C. Wei as their contracts run/ran until they step/stepped down.

dd) Variable Bonus for 2010

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

ee) STI/LTI

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

ff) Other

The remuneration of the Executive Board for fiscal year 2011 does not contain any stock option program or comparable securities-based incentives. Equally, the members of the Executive Board do not receive any additional remuneration for their membership of supervisory bodies of Group companies and investees.

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

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

In the event that the term of office of an Executive Board member appointed for the first time since fiscal year 2009 is terminated prematurely for reasons for which the Executive Board member concerned is not responsible, the contracts of service limit the severance payment to two annual salary payments (severance pay cap); the severance pay cap recommendation of the German Corporate Governance Code was also largely complied with when modifying or extending existing contracts. All Executive Board contracts now contain a severance pay cap that complies with the Code. However, if the contract of the Chairman of the Executive Board is terminated prematurely by mutual consent for reasons for which the Chairman is not responsible, his severance pay has been defined as the amount of his fixed remuneration due until the end of his contract, plus a fixed amount of €500 thousand per year

[6] For the total LTI pool values and payments, see the overview under 2.03.
[7] Annual pension contributions are as follows: Peter Feld €90 thousand; Dr. Ulrich Schmidt €60 thousand; Ralph Gusko €50 thousand; Ümit Subaşi €50 thousand.

representing the variable remuneration for the remainder of his contract; the Chairman of the Executive Board will step down from the Executive Board at the end of the 2012 Annual General Meeting. Each member of the Executive Board receives a lump-sum payment for the Variable Bonus for 2010[8] or the Variable Bonus for 2011[9] (depending on what they are entitled to) on premature termination of his contract without the existence of good cause for which the Executive Board member is responsible. No other commitments exist in relation to the premature termination of membership of the Executive Board. Members of the Executive Board did not receive any loans or advances from the company, nor were any contingent liabilities entered into in their favor.

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

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

As laid down in his contract, Thomas-B. Quaas' total annual remuneration will continue to be paid at a flat annual rate of €965 thousand following his departure from the Executive Board on April 26, 2012, until the expiry of his contract on March 31, 2015, whereby any other remuneration paid (including Supervisory Board remuneration) will be offset against this. The determination and payment of the variable remuneration for 2010 and 2011 (including the LTI determined as of December 31, 2010) are governed by the general provisions. His variable remuneration accruing in the period from January 1, 2012, to April 26, 2012, will be calculated pro rata as a lump sum with an assumed target achievement of 100%, and will be paid out following the 2013 Ordinary Annual General Meeting. Mr. Quaas' pension entitlements remain unaffected.

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

[8] Thomas-B. Quaas: €500 thousand p.a., Dr. Bernhard Düttmann: €416 thousand p.a., Peter Feld: €320 thousand p.a., Markus Pinger: €452 thousand p.a., James C. Wei: €448 thousand p.a.
[9] The Variable Bonus for 2011 will be paid as a lump sum of 80% of the respective target bonus p.a. for periods following members' departure from the Executive Board.

gg) Overviews of Individual Executive Board Remuneration

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

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

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

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

2.02 (in € thousand)

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

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

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

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

2.03 (in € thousand)

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

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

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

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

2. Remuneration of the Supervisory Board

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

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

The Chairman of the Supervisory Board continues to receive two-and-a-half times the standard Supervisory Board remuneration and his two deputies each receive one-and-a-half times the standard Supervisory Board remuneration. Members of committees – with the exception of the Nomination Committee and the committee set up in accordance with § 27 (3) *Mitbestimmungsgesetz* (German Co-Determination Act, *MitbestG*) – receive additional compensation for their work in these committees. If a member of the Supervisory Board simultaneously holds several offices for which increased remuneration is granted, he or she shall only receive the remuneration for the highest-paying office.

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

a) Supervisory Board Remuneration Prior to June 30, 2011

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

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

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

Supervisory Board and committees receive an attendance fee in the amount of €1,000 for participating in full at a meeting of the Supervisory Board or committee and €500 for participating in the majority of a meeting.

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

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

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

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

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

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

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

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

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

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

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

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

V. Corporate Governance Practices

Beiersdorf Aktiengesellschaft pursues the following key corporate governance practices:

Compliance

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

Code of Conduct

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

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

Sustainability

Sustainability involves managing social and environmental risks and leveraging new market opportunities in such a way that value is generated for the company – not just in the short term, but also and above all in the medium and long term. Owing to its relevance, this topic falls within the Chairman of the Executive Board's area of responsibility. Beiersdorf recognized at an early stage the importance of taking responsibility and continuously improving on what it has already achieved. Because of this, our sustainability strategy builds systematically on our previous work. In fiscal year 2011, we again made significant progress in making products and production processes more sustainable and in meeting stakeholders' expectations. In order to ensure that we concentrate on issues that are of importance for our stakeholders and that contribute to the company's success, our sustainability strategy is based on three fields of activity: "Products," "Planet," and "People."
Further information can be found on PAGE 96FF. of this Annual Report.

Human Resources Policy

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

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

Beiersdorf's understanding of leadership and the expectations placed on all employees worldwide are based on its eight core competencies. These interlinking, complementary skills are subdivided into "Business" and "People" —— PAGE 101. Detailed information on our human resources policy can be found on —— PAGE 99FF.

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 103FF.

VI. Further Information on Corporate Governance at Beiersdorf

Detailed information on the work of the Supervisory Board and its committees, as well as on the cooperation between the Supervisory Board and the Executive Board, can be found in the report by the Supervisory Board on —— PAGE 38FF. of this Annual Report.

Beiersdorf's consolidated financial statements and interim reports are prepared in accordance with the International Financial Reporting Standards (IFRSs). The annual financial statements of Beiersdorf AG are prepared in accordance with the *Handelsgesetzbuch* (German Commercial Code, *HGB*). The Annual General Meeting on April 21, 2011, elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as the auditors for Beiersdorf AG and the Beiersdorf Group for fiscal year 2011.

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

Hamburg, February 23, 2012
Beiersdorf Aktiengesellschaft

The Supervisory Board The Executive Board

Corporate Sustainability

Corporate Sustainability

Taking Responsibility for the Future

Sustainability has a long tradition at Beiersdorf. Maintaining the balance between protecting our environment, social responsibility, and economic success has been a natural part of our corporate culture for 130 years. Today, in times of resource shortages and climate change, customers and consumers expect companies to act in a socially and ecologically responsible manner. We believe that striving to meet these demands for production methods that are as sustainable as possible is one of the keys to our success. For us, corporate sustainability means managing social and environmental risks, living our brand values, and, at the same time, leveraging new market opportunities.

A selection of examples from the company’s history provides a snapshot of what we have already achieved:

— Beiersdorf opened a company kindergarten in 1938, one of the first companies in Germany to do so. This continues to help our employees in Hamburg (Germany) to successfully combine work and family today.
— Beiersdorf does not conduct tests for cosmetic products on animals and has been a leader in developing alternatives to animal testing since 1987.
— In 1990, Beiersdorf became a founding member of the “Grüner Punkt” packaging recycling program.
— Beiersdorf has taken part in the worldwide “Responsible Care” initiative since 1999. The initiative aims to continually improve the protection of health and the environment as well as the safety of employees and fellow citizens.

We recognized the importance of taking responsibility at an early stage. Our aim is to build seamlessly on our success and to constantly improve on what we have already achieved. To do this, we have updated our sustainability strategy and set ourselves ambitious targets. We also made significant progress towards making our products and production processes more sustainable in fiscal year 2011. These achievements from our Consumer Business Segment are reported over the following pages. For an overview of our sustainability activities from our tesa Business Segment, please see —— PAGE 98.

Sustainability Strategy “We care.”

For us, “care” is more than just part of our core business – it is a key value that represents our responsibility to people and the environment. In an increasingly uncertain and fast-changing world undergoing enormous social and ecopolitical shifts, companies can only be successful if they respond to changes flexibly. Our approach to sustainability focuses primarily on increasing the company’s flexibility and establishing a culture that secures us a forward-looking role. We used a relevancy analysis to identify the issues that are important to our stakeholders and that contribute to the success of the company. In the future, our international sustainability strategy will concentrate on six focus areas in three fields of activity:

1. Products

Raw Material Use

We incorporate sustainability criteria into our research, the procurement of raw materials, and the development of new formulas and applications.

Packaging

We contribute to the conservation of resources by minimizing packaging and developing alternative, more sustainable packaging solutions.

Consumer Engagement

We actively help our consumers to live a more sustainable life.

2. Planet

Resource Use

We are continually reducing our consumption of water, energy, and scarce resources in our production and distribution processes.

3. People

Employee Engagement & Development

We encourage our employees to get involved personally and to develop their skills within their roles.

Corporate Social Responsibility

We support local and global social initiatives that are consistent with our company’s strategic goals.

Ambitious Targets, Clear Responsibilities

We have set a concrete target for each field of activity. We focus in particular on aspects that both meet the expectations of our stakeholders and help to combat a global problem.

Our Targets

Products: By 2020, we aim to generate 50% of our sales from products with a significantly reduced environmental impact.

Planet: By 2020, we aim to reduce our CO_2 emissions by 30% per product sold.

People: By 2020, we aim to give half a million children the power to determine their own future by providing them with an education.

At Beiersdorf, sustainability is the responsibility of the entire company. The Executive Board played an instrumental role in the development of the new sustainability strategy and is responsible for its execution. This group-wide implementation of the strategy is being managed and monitored by the Corporate Sustainability department. We are also working with a global network of sustainability experts who act as ambassadors for the strategy in our brands and operations. To achieve our core targets, we are developing a series of indicators that allow us to systematically measure our performance in each of the six focus areas.

Commitment – Products

Some of the raw materials we use are in limited supply and there is no guarantee that they will always be available. We are working continually on future strategies for our three focus areas – raw material use, packaging, and consumer engagement – to resolve this issue in good time. Over the past few years, we have already made considerable progress towards making our products more sustainable.

Packaging: Less Waste, Same Quality

97% of our packaging materials are already recyclable. This benefits both the company and the environment. There is savings potential throughout the entire packaging life cycle – in particular through introducing low-energy production technologies, reducing transport distances, and minimizing waste. Quality, stability, and functionality are very important to us. We have steadily decreased our material usage while maintaining the same quality. The graphic below shows how we have substantially reduced packaging, using three frequently sold products as examples:

3.01 How we reduced packaging in 2011 – some examples

NIVEA Bathcare

Old packaging design:

44.0 g
— Total weight for 500 ml product

New packaging design:

42.0 g
— Total weight for 500 ml product

Packaging material saved:

4.5 %

NIVEA Soft/NIVEA Body Q10 Creme

Old packaging design:

51.5 g
— Weight of base of pot for 300 ml product

New packaging design:

22.8 g
— Weight of base of pot for 300 ml product

Packaging material saved:

55.7 %
— Applies to all 300 ml products in the NIVEA Body segment

NIVEA Sun Spray pure & sensitive

Old packaging design:

23.0 g
— Weight of bottle for 200 ml product

New packaging design:

20.0 g
— Weight of bottle for 200 ml product

Packaging material saved:

13.0 %
— Change in packaging materials – the new material has both a higher drop impact strength and a lower input weight

Towards Sustainable Palm Oil

Beiersdorf does not use palm oil in the manufacture of its cosmetics, nor does it produce any palm oil or palm kernel oil derivatives. However, we do use – as is customary in the cosmetics industry – agents such as emulsifiers and surfactants in a range of products. These are usually produced from mineral and vegetable oils such as coconut and rapeseed oil – or palm oil and palm kernel oil. In addition, one of the bar soaps that Beiersdorf sources from a supplier contains an ingredient that includes processed palm kernel oil.

Our aim is to ensure by 2015 that all of our suppliers only use sustainably produced and certified palm oil and palm kernel oil in the raw materials they supply to us. Until then, Beiersdorf is supporting the sustainable production of palm oil and palm kernel oil by regularly purchasing enough certificates to cover its annual consumption. We are also cooperating closely with our suppliers to ensure greater transparency along the supply chain.

As a member of the RSPO (Roundtable on Sustainable Palm Oil), Beiersdorf also promotes sustainable palm oil cultivation practices. The RSPO has over 500 members, including palm oil producers, oil processing companies, oil traders, companies from the consumer goods industry, banks, investors, and numerous non-governmental organizations.

Binding Code of Conduct for Suppliers

We have developed a supplier code of conduct with uniform, binding criteria to ensure that our suppliers meet the same sustainability requirements as we do. This includes fair working conditions and environmental protection, as well as observance of human rights and categorical rejection of corruption. In addition, we have developed a system that enables us to monitor suppliers’ proper compliance with the code of conduct, and which regulates how we handle deviations.

Commitment – Planet

Global Environmental Protection and Occupational Safety Standards

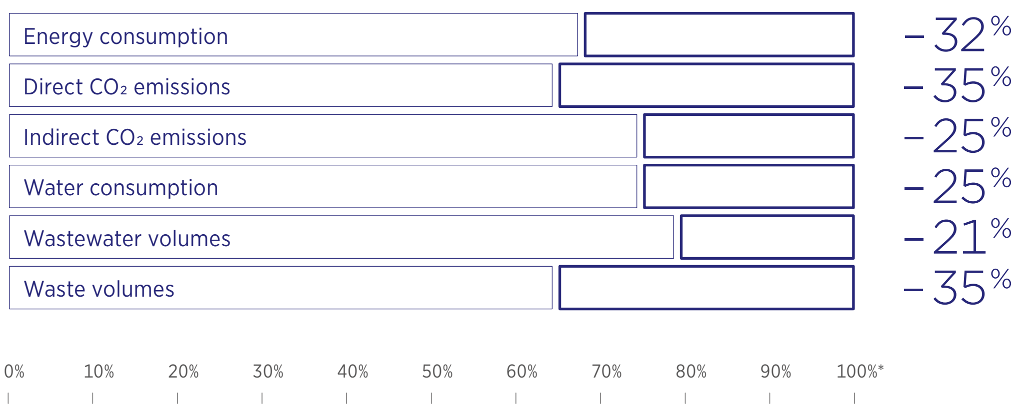
In fiscal year 2011, we continued to expand our internal ESMAS environmental protection and occupational safety audit program, which enables us to monitor and ensure compliance with global standards at our production locations around the world. ESMAS stands for “Environmental Protection and Safety Management Audit Scheme” and is the tool we use to establish and regularly monitor Beiersdorf’s high standards, which are applicable all over the world. In 2011, the scheme was certified for another three years by the German Association for the Certification of Management Systems (DQS) as conforming to the internationally recognized ISO 14001 and OHSAS 18001 standards.

As part of the ongoing development of our audit system, we integrated key aspects of energy management and the security audit process into ESMAS. As a result, ESMAS now covers modules for environmental protection, occupational safety, and security. The “ESMAS Audits” module has been a part of our web-based data management system since 2011 and helps our auditors to prepare and conduct audits in an efficient manner. A total of 13 out of 16 production locations are now ESMAS-certified after the re-auditing of our facilities in **Germany** (Hamburg), **Chile**, and **Brazil**.

Environmental Protection and Resource Conservation

We also introduced various initiatives to minimize our company's environmental impact over the past few years. Since 2005, we have successfully reduced energy consumption at our production facilities by 32%, direct CO_2 emissions by 35%, and water consumption by 25%. There are many different ways to reduce our environmental impact, as these specific examples from our production facilities around the world show:

3.02 **Key environmental figures 2005–2011 for Beiersdorf's production facilities**
(Figures expressed per production unit (number of units))



*Base year 2005

Reducing Energy Consumption and CO_2 Emissions

Energy-efficient lighting significantly reduced our energy consumption in **Chile** and **Indonesia**. Beiersdorf's manufacturing facility in **Brazil** cut energy consumption and CO_2 emissions in its warehouse by installing a modern solar tube lighting system – a large number of dome-shaped lenses capture the sun's rays, and prisms and tubes then transport them into the room. In **India**, the input voltage of public power supplies varies greatly, which can lead to the failure of important machines. Energy consumption was lowered by installing automatic voltage regulators. A project to reduce energy consumption has also been launched in **Kenya**. Local employees have been specially trained and given tips on environmentally conscious behavior. In addition, our **Chinese** production facility in Shanghai actively promotes environmentally friendly employee transport, supplying them with electric bicycles and installing over 100 on-site charging stations for electric scooters and bicycles.

Environmental protection begins in the mind – this was the idea behind our "Green your office for a blue planet" employee campaign. The long-term initiative has made the concept of sustainability relevant to the everyday working lives of our employees with tips on saving energy every day at their workstations, for example. Results to date show that this has reduced energy consumption in our buildings.

Buildings account for a large share of energy consumption and as a result have a particularly strong environmental impact. In fiscal year 2011, we continued our "Blue Building" initiative, which was launched in 2008 to help lower resource consumption in our properties around the world, to ensure economic efficiency, and to improve our employees' working environment. We systematically monitor and measure how much energy is used in our buildings in **Germany** (Hamburg). In addition, the energy efficiency of our technical equipment is continually optimized. This ensures that we are heating, ventilating, lighting, and cooling as efficiently as possible.

As part of its “Green IT” initiative, Beiersdorf is saving on resources and hence cutting costs in its information technology. In the six years since the consolidation of our global servers started, we have reduced our hardware needs by 1,400 servers. Fewer servers also translate to lower energy consumption in our data centers. In addition, we are systematically replacing old equipment with new, energy-saving models, reducing standby use, and increasing the shared use of resources such as printers. Frequent business trips and long-haul flights release a lot of CO_2. For this reason we encourage our employees to use audio and video conferences instead whenever possible. Beiersdorf’s affiliate Beiersdorf Shared Services (BSS) provides cutting-edge communication tools, including a versatile platform, that enable people at different locations to work together efficiently. These tools can be accessed from every Beiersdorf PC workstation worldwide.

“Green logistics” aims to develop environmentally friendly logistics processes. As part of this, we optimized container loading, capacity utilization of the trucks used to transport our products, and transport routes. In addition to recording our production facilities’ environmental data, we developed methods to calculate CO_2 emissions generated in the distribution of our products.

Lower Water Consumption and Less Wastewater

One key sustainability goal at our production facilities around the world is to reduce water consumption and produce less wastewater. We have already made significant progress in this area, as shown by these international examples:

Our production facility in **Chile** considerably reduced water consumption by optimizing cleaning processes, repairing leaks, and raising employee awareness. In **Brazil**, optimizing our wastewater treatment system and improving the cleaning process not only lowered water consumption – it also reduced the use of cleaning agents. The production facility switched from chemical to completely biodegradable, natural cleaning agents. We also modernized and expanded the wastewater treatment system at our location in Tres Cantos, **Spain**. The quality of the water is now so high that it can be reused, which also reduces water consumption significantly. Our production facility in **Mexico** cut its consumption by around a third by switching from drinking water to recycled wastewater for its sanitary facilities. In **Indonesia**, where water is used for cooling, the installation of a new cooling tower allows water to be recirculated. This saves on ground water.

Environmentally Friendly Waste Recovery, Disposal, and Recycling

We also made waste disposal more environmentally friendly in 2011. To optimize plastics recycling, different types of plastics must be sorted at the production facility so that they can be processed according to the type and characteristics of the material concerned. At our production facility in Tres Cantos, **Spain**, we set up specially labeled collection bins for each type of plastic and held information sessions to train employees on the new waste-sorting concept. Improving the sorting and recovery of plastic waste increased the recycling rate. Another success story is from our Spanish facility in Argentona, where siliconized release paper is produced as a by-product of the plaster production process. Instead of being landfilled, the release paper is now collected separately and sent to a recycling company in Austria, which turns it into high-quality recycled paper products. Our recycling project in **Chile** had a similar aim: recycling the majority of the waste produced – paper, cardboard, plastic, and metal – in an environmentally friendly manner, instead of turning it into landfill. These measures were also successful in increasing the recycling rate.

Commitment – People

Health, Safety, and Social Commitment

We firmly believe that we can only increase our sustainability with the help of our employees – their commitment in the workplace plays a key role during implementation. We have developed a comprehensive program to involve each and every one of our employees and encourage them to actively make their working day more sustainable.

Sustainable Health and Safety Management

Examples from around the world demonstrate that concrete measures to reduce occupational accidents contribute to long-term employee safety in the workplace. In **Indonesia**, the East Javanese government honored our affiliate P.T. Beiersdorf Indonesia for its commendable occupational safety, awarding it the 2011 “Zero Accident Award” in recognition of the exemplary culture of safety shared by all of the plant’s employees. A “Zero Accident” campaign in **Thailand** also helped reduce the risk of accidents during manufacturing and in the warehouse. Regular training helps employees to properly assess and react appropriately to hazardous situations. In manufacturing companies noise often leads to work-related strain. At our Tres Cantos location in **Spain**, the level of noise on the filling lines in the production facility was significantly reduced by installing modern sound isolation booths.

Beiersdorf’s workplace health promotion program in **Germany** is inspired by the idea that prevention is better than cure. The program, which is being implemented in close cooperation with Beiersdorf’s occupational health insurance fund, aims to prevent illness through a wide range of measures, focusing on the promotion of a healthy lifestyle. This includes initiatives to encourage cycling, ergonomic advice, and training on lifting and carrying techniques for the workplace. In addition, every year has different focus areas – such as a healthy diet, early detection of bowel cancer, or back health. At the center of the health promotion program in 2012 is resilience training and key measures for the early detection of breast cancer.

During recent food safety crises in Germany, such as the spread of the EHEC virus in 2011, the company medical service worked together closely with Beiersdorf’s internal catering service to inform all employees quickly and comprehensively. The menu in the company cafeterias was also changed in line with the recommendations issued by the public authorities. A Food Safety Crisis Task Force was established in July 2011 based on our good experiences with the Pandemic Action Committee, which has existed for many years now. This internal team of experts is available to take immediate action if and when required.

Raise Partner Awareness of Sustainability

We do not want to be alone in acting sustainably – we also expect this from our partners. Our Conference and Event Management team evaluated and rated the sustainability of all of the hotels that cooperated with Beiersdorf in Berlin and Hamburg (**Germany**) in 2011. The ratings system they developed is considered as an industry benchmark. Projects like these aim to make our contractors, service providers, and suppliers more aware of sustainability issues and, at the same time, promote this as part of everyday working life.

We know that sustainability initiatives are long-term projects. This is why we support environmental protection campaigns such as sustainability promotions and community dialog on an ongoing basis. Together with the regional educational authority in Itatiba, our **Brazilian** affiliate launched a project to raise elementary schoolchildren's awareness of sustainability and the environment. As part of the project, tours of the Beiersdorf plant are conducted once a month to teach children about wastewater treatment and waste management processes, among other things. Once a year, the affiliate also organizes an open question-and-answer session on topics such as environmental protection and safety. Other campaigns and promotions, such as Green Week, World Water Day, and Earth Hour, strengthen our relationship with stakeholders and increase the environmental awareness of our employees and their families. Our affiliate in **Thailand** initiated a project that actively involves its employees in restoring the forest in Samutprakran province. Beiersdorf employees planted 1,500 mangrove seedlings to support the regeneration of the forest in the region. The project will be repeated twice a year in the future.

Exercising Our Corporate Social Responsibility

We want to actively take responsibility in the wider world by supporting socially disadvantaged members of the community. Our social commitment is guided by our Corporate Social Responsibility (CSR) strategy according to the motto "We care & connect." This provides a logical framework for ensuring that our work in this area is successful and effective. Our goal is for society and our brands to profit from this in equal measure. We aim to positively influence the world around us by supporting activities that complement our brands and build on Beiersdorf's strengths. The strategic framework we have developed lays the foundation for our brands' individual CSR positioning. All CSR activities around the world are based on the principle of "helping people to help themselves" and fulfill the following criteria: local relevance, a longevity, mutually-beneficial approach, and measurability.

We are committed to several different initiatives. One of the projects that Beiersdorf supports is the "SISTER2sister" mentoring program in **Australia**, an initiative run by the non-profit organization "Life Changing Experiences." Teenage girls from disadvantaged social backgrounds are assigned a "big sister" mentor for a year as a positive female role model to provide individual support and guidance for problems at school and in girls' personal lives. The program aims to equip girls with life skills and self-confidence, encouraging them to follow their own goals and dreams. Beiersdorf employees help organize career workshops and numerous donation drives, which help to finance the project.

Our largest project to date began in 2010 – the partnership between NIVEA and the children's development organization Plan International, which aims to empower children for the long term through education. We support the project by providing financial assistance and donations in kind, voluntary work, and sharing our knowledge. There are now 25 countries involved in the partnership, including India, Brazil, Ecuador, Indonesia, Kenya, and Guatemala.

On the occasion of its 100th anniversary, NIVEA launched the “NIVEA 100 Plan project” in **Guatemala**. Together, NIVEA and Plan International are making a large-scale education project in the poverty-stricken mountain region of Alta Verapaz reality. Of the almost 800,000 inhabitants in the region, 90% live in rural areas and a large percentage of the population belongs to different Maya groups. Poverty and unemployment are widespread. Many children must support their families from an early age and seldom have access to a school education – only 57% of children go to school and only one in every eight girls completes sixth grade. The educational project is designed to give as many children as possible the opportunity to attend school and instill a love of learning through child-centric teaching methods. Girls receive targeted support to enable them to determine their own future. Another goal of the Guatemalan project is to overcome language barriers: 24 different languages, including many Mayan dialects, are spoken in the Central American country. NIVEA provides funding for multilingual tuition, further education for teachers, and the development of cross-cultural teaching methods to give every child the opportunity to go to school – independent of his or her ethnic and social background. The project supports a total of around 4,800 children aged seven to 14, along with 160 teachers at 40 schools. Eight additional classrooms can also be built and educational materials be made available in the languages of ethnic minorities thanks to NIVEA’s help.

Our consumers are also a part of the partnership with Plan International – for every anniversary edition NIVEA Creme tin sold, 15 cents go directly to the “NIVEA 100 Plan project.” This is expected to raise up to €500,000 for the project. The special-edition tin is available in Belgium, France, Germany, the United Kingdom, Ireland, Italy, the Netherlands, Portugal, Spain, Ecuador, Guatemala, Colombia, Peru, Venezuela, and India. In addition, the “Message in a Tin” promotion allows Facebook members to send their friends messages in a virtual NIVEA tin until April 2012. NIVEA donates ten cents towards the project in Guatemala for every tin sent.

In **Poland**, NIVEA took another approach to involving consumers in the brand’s social commitment to mark its 100th anniversary. As part of the “100 playgrounds for 100 years of NIVEA” project, local communities in Poland could visit the NIVEA website to have their say in where exactly the new playgrounds should be built. Like the international partnership with children’s charity Plan International, the project also gets NIVEA consumers directly involved in the company’s social activities, strengthening the value of NIVEA as a family brand. The public playgrounds are a “thank you” to the consumers who have trusted the brand for generations.

Group Management Report

Beiersdorf's Brands

Every day, millions of consumers trust Beiersdorf's innovative, high-quality skin and body care products. Our successful international brand portfolio is tailored to meet the individual needs and wishes of consumers, as well as regional requirements. The ongoing development of our strong brands is the basis for this closeness to consumers and markets, and hence for Beiersdorf's success.
tesa provides innovative self-adhesive products and system solutions. The manufacturer is a global market leader in a large number of application areas thanks to its many years of experience in coating technology and developing adhesive masses.

4.01 **Our Brands Portfolio**

NIVEA

Eucerin

La Prairie

Labello

Florena

8x4

Hansaplast

Slek

tesa

Business and Strategy

Beiersdorf is a global company with more than 150 affiliates worldwide and around 18,000 employees. Our two separate business segments are responsible for operations in their respective areas. The Consumer Business Segment – the focus of our business – with its strong brands concentrates on the international skin and body care markets, while the tesa Business Segment with its innovative product portfolio is one of the world's leading manufacturers of self-adhesive products and solutions for industry, craft businesses, and consumers.

Consumer Business Segment: Focus on Skin and Body Care

Beiersdorf has been setting standards for skin and body care for 130 years. An excellent technical basis and a high level of research and development expertise ensure that our innovative products meet the highest standards of quality. The NIVEA brand is the world's largest mass-market skin and body care brand*. In the dermatological cosmetics segment, Eucerin enjoys worldwide success and is increasing its market share every year. La Prairie, our premium segment brand, meets the highest standards in anti-aging care around the world. Thanks to these global brands, Beiersdorf is represented in all relevant segments of the skin and body care market. In addition, it has strong regional brands such as Labello, 8x4, Hansaplast, and SLEK.

Focus on Skin Care.

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

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

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

Strong Brand Campaign

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

The new brand strategy clearly positions NIVEA as a skin care brand that appeals to consumers all over the world.

Consumers around the world came into direct contact with the brand as part of our digital "Skin Care for Life" campaign, which was flanked by a print and TV campaign.

New Operating Model Brings Beiersdorf "Closer to Markets."

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

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

tesa Business Segment

Innovative Product Solutions

The tesa Business Segment is one of the world's leading manufacturers of self-adhesive products and system solutions for industry, craft businesses, and consumers. Reliable quality, highly innovative thinking, and the use of superior technology are core elements of our brand philosophy and strategy. We focus on our customers, for whom tesa develops effective solutions.

In the industrial segment, which accounts for around 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 profitable businesses in technologically sophisticated application areas.

In its new, forward-looking Pharma business area, tesa develops and produces transdermal systems, also called pharmaceutical plasters, and oral films – medicated foils that dissolve in the mouth without the need for additional fluids.

tesa's industrial distribution business supplies specialist dealers with state-of-the-art product ranges for professional use by customers in crafts businesses, such as building and painting.

Just under one-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. In addition to office products such as the classic tesafilm adhesive tape, these include individual solutions for insulation, painting and masking, repairing, packaging, and temporary and permanent mounting. tesa also offers household insect protection products.

tesa's in-depth knowledge of production processes, market requirements, and industry trends enables it to develop superior, market-driven products. Our qualified employees and the continuous improvement of our business processes enable us to implement solutions quickly and efficiently.

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

- expanding global structures in its industrial business with the aim of offering customers throughout the world homogeneous solutions of a consistently high quality and excellent service,
- expanding international structures in its consumer business with a focus on Europe, in particular Eastern Europe, and Latin America to offer international distribution partners a range of effective and market-driven solutions,
- ensuring uniform quality standards worldwide while incorporating environmentally friendly technology components.

Management and Control

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

The tesa Business Segment is managed as an independent subgroup —— SEE PAGE 86FF.

Information on the remuneration of the Executive Board and the Supervisory Board as well as on incentive and bonus systems is provided in the section entitled "Corporate Governance" in the Remuneration Report, which forms part of the Group Management Report and the consolidated financial statements. The Corporate Governance Statement in accordance with § 289a *Handelsgesetzbuch* (German Commercial Code, *HGB*) has been made publically available on the company's website at —— WWW.BEIERSDORF.COM/CORPORATE_GOVERNANCE_STATEMENT. Additional information regarding management and control, the general management structure, and the Declaration of Compliance in accordance with § 161 *Aktiengesetz* (German Stock Corporation Act, *AktG*) is also provided in the Corporate Governance Report.

Value Management and Performance Management System

The goal of our business activities is to sustainably increase our market share by achieving qualitative growth and at the same time to expand our earnings base. Our long-term key performance indicators are derived from this. In addition to lifting sales and increasing market share, we want to increase the Group's profitability. This is measured using the operating result (EBIT) in conjunction with the EBIT margin (the ratio of EBIT to sales). We aim to generate internationally competitive returns through active cost management and the highly efficient use of resources. In addition, we want to continuously optimize our net operating capital and hence improve our return on capital (the ratio of EBIT to net operating capital).

We have created an efficient management system in order to meet our strategic goals. Corporate management derives the business performance targets for the individual units in the Group for the coming year from our strategic business goals. This planning covers all segments and affiliates. Generally, the Executive Board and Supervisory Board formally adopt the Group's planning in the fall.

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

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

Economic Environment

General Economic Situation

The global economy continued on the road to recovery in fiscal year 2011. Over the course of the year, however, an economic slowdown became noticeable in most industrialized nations in particular, with only the majority of emerging markets maintaining their strong momentum.

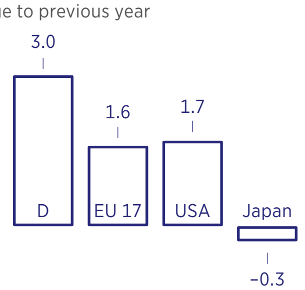
In the eurozone, the euro and sovereign debt crisis intensified in additional countries. The EMU states implemented additional bailout and stability programs to provide support for particularly badly affected countries in Southern and Western Europe. In return, their governments had to introduce drastic austerity measures and structural reforms, which negatively impacted domestic demand. The countries hardest hit by the debt crisis remained in recession.

Conversely, the German economy grew faster than the rest of the eurozone. This performance was due in particular to the export sector, where Germany is traditionally strong. Continuing low interest rates and an upbeat business outlook at the start of the year stimulated investment. The slight easing of the economy over the course of the year has so far not had an effect on the labor market, although consumer spending is expected to decrease due to the uncertainty on the financial markets.

In the United States, ongoing unemployment in particular led to a decline in growth. The continuing weakness of the real estate sector, the consolidation of public sector budgets, and high levels of household debt have also contributed to the slowdown in the economy.

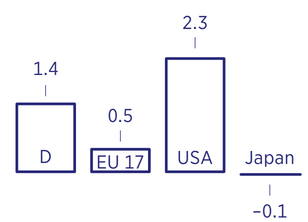
In comparison to last year, the continued strong growth of the Chinese economy eased only slightly, meaning it is still the global economy's main growth driver. The positive economic development in China was not shared everywhere in the Asia region. This was due in particular to the slowing of the Japanese economy following the natural disasters there, and its close links with the economy of the neighboring Asian countries.

4.02 **Gross Domestic Product 2011 (in %)***
Change to previous year



* Commerzbank Research

4.03 **Consumer Spending 2011 (in %)***
Change to previous year



* Commerzbank Research

Sales Market Developments

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

The industrial sales markets picked up globally in 2011, despite significant regional differences. While the markets in Asia and North and Latin America showed strong growth, the picture in Europe was mixed. Stagnating markets in Southern Europe, which was hit hard by the euro and sovereign debt crisis, offset moderate market growth in Central and Eastern Europe. The automotive business, which saw strong global market demand, and the electronics business in Asia were key growth drivers. Numerous model changes and new products in the domain of tablet computers and smartphones contributed to this positive performance.

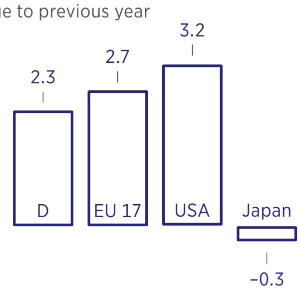
Procurement Market

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

The Economic Situation – Summary

The tesa Business Segment was again able to increase sales significantly due to its ongoing strong industrial markets. In the Consumer Business Segment, the weak performance by the saturated cosmetics markets of Germany and Western Europe had a negative effect on overall growth because of the high proportion of sales generated in these regions. Sales growth in most of our rapidly growing markets was strong.

4.04 **Inflation Rate 2011 (in %)***
Change to previous year



* Commerzbank Research

Results of Operations, Balance Sheet Structure, and Financial Position

Results of Operations – Group

4.05 **Income Statement (in € million)**
Jan. 1–Dec. 31

	2010	2011	% change
Sales*	**5,571**	**5,633**	**1.1**
Cost of goods sold	–2,016	–2,077	3.1
Gross profit*	**3,555**	**3,556**	**0.0**
Marketing and selling expenses*	–2,336	–2,454	5.0
Research and development expenses	–152	–163	7.4
General and administrative expenses	–278	–291	4.7
Other operating result (excluding special factors)	–90	–2	–
Operating result (EBIT, excluding special factors)	699	**646**	**–7.4**
Special factors	–116	–215	–
Operating result (EBIT)	**583**	**431**	**–25.9**
Financial result	–30	9	–
Profit before tax	**553**	**440**	**–20.5**
Taxes on income	–227	–181	–20.0
Profit after tax	**326**	**259**	**–20.8**

* The prior-year figures have been adjusted due to the amendment of the sales presentation format. See the disclosures in the section of the notes to the consolidated financial statements entitled "Changes in Accounting Policies."
The changes in percent are calculated based on thousands of euros.

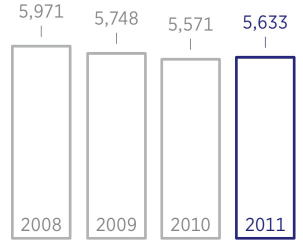
Sales

Organic Group sales in 2011 were up 2.1% on the prior-year figure. The Consumer Business Segment recorded organic growth of 1.1%, while tesa generated an organic sales increase of 7.9%. At current exchange rates, Group sales rose by 1.1% as against the previous year, to €5,633 million (previous year: €5,571 million).

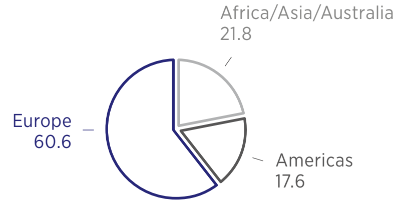
In Europe, sales were down 0.8% (organic) on the prior year. At current exchange rates, sales amounted to €3,414 million (previous year: €3,450 million), 1.0% below the prior-year value.

In the Americas region, sales in Latin America achieved double-digit growth rates. Overall, sales in the Americas rose by 10.9% (organic). At current exchange rates, sales increased by 6.6% to €993 million (previous year: €932 million).

4.06 **Group Sales (in € million)**



4.07 **Group Sales by Region (in %)**



The Africa/Asia/Australia region experienced organic growth of 3.8%. At current exchange rates, a growth of 3.1% to €1,226 million (previous year: €1,189 million) was achieved.

Expenses/Other Operating Result

Cost of goods sold rose by 3.1%, and hence faster than sales. Marketing and selling expenses also rose faster than sales, to €2,454 million (previous year: €2,336 million). Spending on advertising, trade marketing, and similar items contained in this item amounted to €1,422 million (previous year: €1,343 million). Research and development expenses rose by 7.4% to €163 million (previous year: €152 million). General and administrative expenses rose to €291 million (previous year: €278 million). The other operating result (excluding special factors) amounted to €–2 million (previous year: €–90 million).

Operating Result (EBIT, Excluding Special Factors)

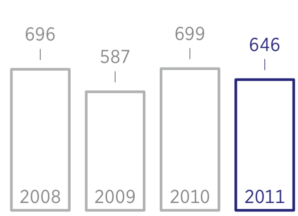
EBIT excluding special factors fell to €646 million (previous year: €699 million), while the EBIT margin was 11.5% (previous year: 12.5%). In the Consumer Business Segment, EBIT excluding special factors amounted to €537 million (previous year: €599 million), while the EBIT margin was 11.4% (previous year: 12.7%). EBIT in the tesa Business Segment rose from €100 million in 2010 to €109 million in the past fiscal year; the EBIT margin was 11.6% (previous year: 11.4%).

The Group operating result before special factors in Europe was €537 million (previous year: €589 million). The EBIT margin was 15.7% (previous year: 17.1%). The operating result before special factors in the Americas was €75 million (previous year: €78 million), while the EBIT margin was 7.5% (previous year: 8.3%). In Africa/Asia/Australia, EBIT excluding special factors amounted to €34 million (previous year: €32 million). The EBIT margin was 2.8% (previous year: 2.7%).

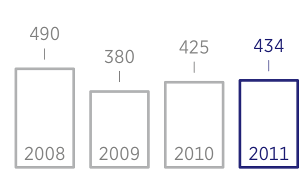
Special Factors

The special factors are mainly due to impairment losses on intangible assets (€134 million) relating to the Chinese hair care business. Additional special factors (€65 million) concern non-recurring costs from the realignment of corporate structures and processes in the Consumer Business Segment that Beiersdorf resolved in November 2011. Additional expenses (€29 million) relate to the decision to close the production facility in Baden-Baden (Germany).

4.08 **Group EBIT (in € million)**
Excluding special factors



4.09 **Consolidated Profit after Tax (in € million)**
Excluding special factors



4.10 **Reconciliation to EBIT Excluding Special Factors**
Jan. 1–Dec. 31

	in € million	in % of sales
Group		
Operating result (EBIT) for 2011	**431**	**7.7**
Special factors included in the other operating result	215	–
Operating result (EBIT, excluding special factors) for 2011	**646**	**11.5**
Operating result (EBIT) for 2010	**583**	**10.5**
Operating result (EBIT, excluding special factors) for 2010	**699**	**12.5**
Consumer		
Operating result (EBIT) for 2011	**322**	**6.9**
Special factors included in the other operating result	215	–
Operating result (EBIT, excluding special factors) for 2011	**537**	**11.4**
Operating result (EBIT) for 2010	**483**	**10.3**
Operating result (EBIT, excluding special factors) for 2010	**599**	**12.7**

The Beiersdorf Group's results of operations are determined on the basis of the operating result (EBIT) excluding special factors. This figure is not part of IFRSs and should be treated merely as voluntary additional information. The special factors listed are one-time, non-operating transactions that only affect the Consumer Business Segment.

Operating Result (EBIT)

EBIT amounted to €431 million (previous year: €583 million). The EBIT margin was 7.7% (previous year: 10.5%).

Financial Result

The financial result amounted to €9 million (previous year: €–30 million). The main factors behind the change in this item were higher net income from exchange rate effects and gains from the sale of securities that had largely been recognized in other comprehensive income as of December 31, 2010.

Taxes on Income

Taxes on income amounted to €181 million (previous year: €227 million). The tax rate was 41.2% (previous year: 41.0%).

Profit after Tax

Profit after tax amounted to €259 million (previous year: €326 million); the return on sales after tax was 4.6% (previous year: 5.9%). Excluding special factors, profit after tax amounted to €434 million (previous year: €425 million). The corresponding return on sales after tax was 7.7% (previous year: 7.6%).

Earnings per Share – Dividends

Earnings per share amounted to €1.10 (previous year: €1.40). Excluding special factors, earnings per share amounted to €1.87 (previous year: €1.84). These figures were calculated on the basis of the weighted number of shares carrying dividend rights (226,818,984). The Executive Board and Supervisory Board will propose a dividend of €0.70 per share carrying dividend rights to the Annual General Meeting (previous year: €0.70).

Results of Operations – Business Segments

Consumer

4.11 **Key Figures – Consumer Business Segment***

		Europe	Americas	Africa/ Asia/ Australia	Total
Sales 2011	(in € million)	2,792	875	1,029	4,696
Sales 2010	(in € million)	2,855	824	1,019	4,698
Change (organic)	(in %)	–1.8	10.3	1.8	1.1
Change (adjusted for currency translation effects)	(in %)	-2.6	10.3	1.8	0.6
Change (nominal)	(in %)	–2.2	6.2	0.9	0.0
EBIT 2011**	(in € million)	495	55	–13	537
EBIT margin 2011**	(in %)	17.7	6.3	–1.2	11.4
EBIT 2010**	(in € million)	548	61	–10	599
EBIT margin 2010**	(in %)	19.2	7.4	–1.0	12.7

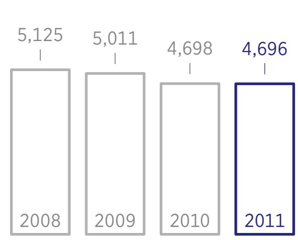
* The prior-year figures have been adjusted due to the amendment of the sales presentation format. See the disclosures in the section of the notes to the consolidated financial statements entitled "Changes in Accounting Policies."
** Excluding special factors (see reconciliation to EBIT excluding special factors in the section entitled "Result of Operations – Group").

Sales by the Consumer Business Segment grew by 1.1% in 2011. In nominal terms, sales amounted to €4,696 million, at the previous year's level (€4,698 million).

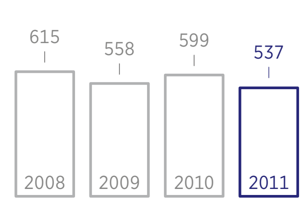
Successful innovations and international relaunches of existing products to reflect the latest findings from our research activities enabled us to generate strong growth rates in individual categories. In other categories, sales growth was difficult in some countries. The NIVEA Make-up business was discontinued worldwide and the NIVEA Hair Care and Styling business was restructured in some countries.

In 2011, NIVEA achieved growth of 2.1% worldwide. The key growth drivers were NIVEA Deodorant, NIVEA Bath Care, and NIVEA FOR MEN. NIVEA Deodorant Invisible for Black & White, NIVEA Bath Care Harmony Time & Free Time, and the NIVEA FOR MEN Sensitive series were especially successful in these categories. In contrast, the exit from NIVEA Make-up and the product streamlining measures in particular relating to NIVEA Hair Care and Styling reduced sales.

4.12 **Consumer Sales (in € million)**



4.13 **Consumer EBIT (in € million)**
Excluding special factors



Our Eucerin brand generated healthy growth of 4.8%, with the Eucerin Anti-Age product range being a particularly strong driver. Sales in Sweden, Argentina, and Chile were particularly strong.

In the exclusive cosmetics segment, our La Prairie brand recorded an increase in sales of 3.4%. The new La Prairie Cellular Power Infusion and the new La Prairie Cellular Eye Cream Platinum Rare performed particularly well.

In the Healthcare area, plaster brand sales were down slightly on the previous year. Healthy sales growth was achieved in Latin America and Africa/Asia/Australia in particular, while Germany and Western Europe recorded declines in sales.

EBIT was €537 million (previous year: €599 million), while the EBIT margin was 11.4% (previous year: 12.7%).

Europe

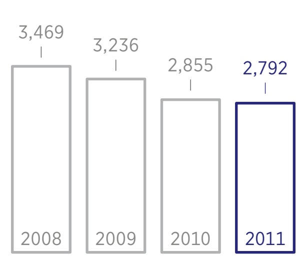
4.14 Consumer Sales in Europe

		Germany	Western Europe (excluding Germany)	Eastern Europe	**Total**
Sales 2011	(in € million)	717	1,513	562	2,792
Sales 2010*	(in € million)	746	1,565	544	2,855
Change (organic)	(in %)	–3.2	–3.7	5.2	–1.8
Change (adjusted for currency translation effects)	(in %)	–3.9	–4.6	5.2	–2.6
Change (nominal)	(in %)	–3.9	–3.3	3.4	–2.2

* The prior-year figures have been adjusted due to the amendment of the sales presentation format. See the disclosures in the section of the notes to the consolidated financial statements entitled "Changes in Accounting Policies."

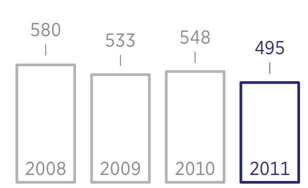
Our performance in **Europe** was mainly influenced by the product streamlining measures we adopted, as well as our exit from NIVEA Make-up and NIVEA Hair Care and Styling in selected markets. After adjustment for the portfolio decisions, the core segment performed well. Without considering these streamlining effects, organic sales in Europe in the Consumer Business Segment were down 1.8% on the previous year. At current exchange rates, sales fell by 2.2% to €2,792 million (previous year: €2,855 million).

4.15 Consumer Sales in Europe (in € million)



4.16 Consumer EBIT in Europe (in € million)

Excluding special factors



The NIVEA core segment performed well in **Germany**, with sales of NIVEA Sun and NIVEA Deodorant in particular recording substantial growth. The La Prairie brand saw an increase in sales. Conversely, Florena and Eucerin sales were lower than in the previous year. The withdrawal from the NIVEA Make-up business had an impact on sales in Germany, which were 3.2% below the previous year.

Sales in **Western Europe** (excluding Germany) were down 3.7% on the prior-year figure. There were substantial variations in performance in the individual markets. Some countries did not match the prior year's sales, mainly due to the impact of the product streamlining measures. The United Kingdom recorded a particularly large increase in sales. Sales of NIVEA Deodorant and NIVEA Shower were strong, while Eucerin also increased. La Prairie maintained its good prior-year sales level.

Sales in **Eastern Europe** recorded an increase of 5.2%. The Russia/Ukraine Group and Serbia in particular generated a healthy sales increase, while Poland was down on the prior-year figure. NIVEA Deodorant, NIVEA Visage, and Eucerin performed especially well in the region. However, sales of NIVEA Hair Care and NIVEA Baby declined.

Consumer EBIT in Europe was affected by the decisions on the product range and investment in the marketing budget for promotions marking the 100th anniversary of the NIVEA brand. EBIT amounted to €495 million (previous year: €548 million). The EBIT margin was 17.7% (previous year: 19.2%).

Americas

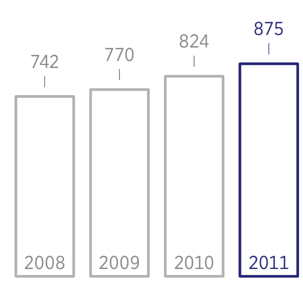
4.17 **Consumer Sales in the Americas**

		North America	Latin America	**Total**
Sales 2011	(in € million)	298	577	875
Sales 2010*	(in € million)	307	517	824
Change (organic)	(in %)	2.1	15.2	10.3
Change (adjusted for currency translation effects)	(in %)	2.1	15.2	10.3
Change (nominal)	(in %)	–3.0	11.6	6.2

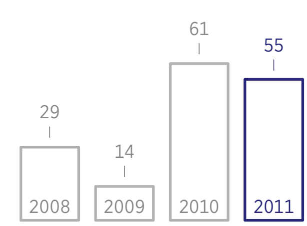
* The prior-year figures have been adjusted due to the amendment of the sales presentation format.
See the disclosures in the section of the notes to the consolidated financial statements entitled "Changes in Accounting Policies."

We recorded sales growth of 10.3% in the **Americas** region. At current exchange rates, sales increased by 6.2% to €875 million (previous year: €824 million).

4.18 **Consumer Sales in the Americas (in € million)**



4.19 **Consumer EBIT in the Americas (in € million)**
Excluding special factors



Sales in **North America** were up 2.1% on the previous year. NIVEA Body Care and NIVEA Shower were particularly successful in this region. La Prairie recorded very strong sales growth and Eucerin maintained its good prior-year sales level.

Latin America saw sales growth of 15.2%. In addition to Argentina and Brazil, the Andean Group made an especially large contribution to this strong growth, but all other key markets also recorded very encouraging increases. NIVEA Soap, NIVEA Visage, NIVEA Deodorant, and NIVEA Sun reported the highest growth rates in this focus region. Eucerin also saw very strong growth.

Consumer EBIT in the Americas was €55 million (previous year: €61 million). The EBIT margin amounted to 6.3% (previous year: 7.4%).

Africa/Asia/Australia

4.20 Consumer Sales in Africa/Asia/Australia

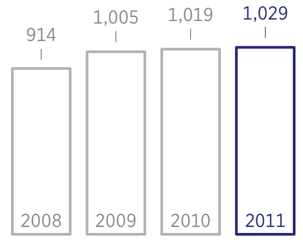
		Total
Sales 2011	(in € million)	1,029
Sales 2010*	(in € million)	1,019
Change (organic)	(in %)	1.8
Change (adjusted for currency translation effects)	(in %)	1.8
Change (nominal)	(in %)	0.9

* The prior-year figures have been adjusted due to the amendment of the sales presentation format. See the disclosures in the section of the notes to the consolidated financial statements entitled "Changes in Accounting Policies."

Sales in the **Africa/Asia/Australia** region were up slightly by 1.8% on the previous year. At current exchange rates, sales amounted to €1,029 million, an increase of 0.9% on the previous year (€1,019 million).

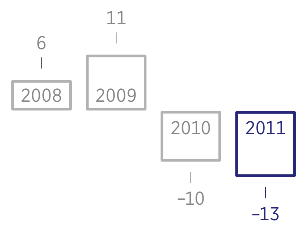
The affiliates in India and South Africa performed particularly well. Japan also achieved significant sales growth, primarily thanks to the continued strong 8x4 business. The sales trend in China remained negative due to the ongoing reorganization of the business structures there. NIVEA FOR MEN and La Prairie achieved good growth rates in the country. Across the region as a whole, NIVEA FOR MEN, NIVEA Deodorant, and NIVEA Body Care in particular generated a clear increase in sales. La Prairie, Eucerin, and our plaster brands also performed positively.

4.21 Consumer Sales in Africa/Asia/Australia (in € million)



4.22 Consumer EBIT in Africa/Asia/Australia (in € million)

Excluding special factors



EBIT in this region continued to be impacted by substantial marketing investments and the measures being taken to reorganize the Chinese business. EBIT amounted to €–13 million (previous year: €–10 million), while the EBIT margin was –1.2% (previous year: –1.0%).

tesa

4.23 **Key Figures – tesa Business Segment**

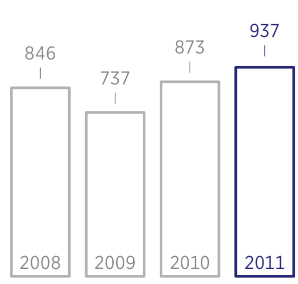
		Europe	Americas	Africa/ Asia/ Australia	Total
Sales 2011	(in € million)	622	118	197	937
Sales 2010	(in € million)	595	108	170	873
Change (organic)	(in %)	4.2	15.4	16.0	7.9
Change (adjusted for currency translation effects)	(in %)	4.2	15.4	16.0	7.9
Change (nominal)	(in %)	4.4	10.1	15.8	7.3
EBIT 2011	(in € million)	43	19	47	109
EBIT margin 2011	(in %)	6.8	16.4	23.9	11.6
EBIT 2010	(in € million)	41	17	42	100
EBIT margin 2010	(in %)	6.9	15.3	24.8	11.4

Sales by the tesa Business Segment were up 7.9% on the previous year. At current exchange rates, sales increased by 7.3% to €937 million (previous year: €873 million). EBIT rose to €109 million (previous year: €100 million). The EBIT margin was 11.6% (previous year: 11.4%).

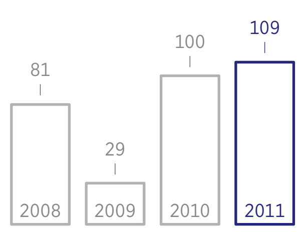
tesa Industrial Segment

The industrial segment accounted for 75.1% (previous year: 73.3%) of sales and recorded sales growth of 9.8% in 2011. Nominal sales amounted to €711 million (previous year: €647 million). Both the direct customer business and the distribution business in all regions played a role in the positive performance. Business was especially dynamic in Asia and the United States, with the main growth drivers there being the automotive and electronics industries.

4.24 **tesa Sales (in € million)**



4.25 **tesa EBIT (in € million)**

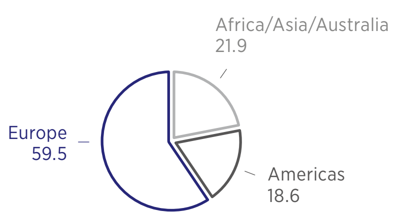


In the electronics industry business, new products used to secure the outer casings and displays of cell phones and smartphones were well received by the market. These extra-thin adhesive foam tapes were launched in several variations which improve the stability of mobile devices, particularly current and future generations with very large touch-screens, by absorbing shocks and vibrations. New multi-layer laminates for securing loudspeaker membranes and extremely thin, heat-conducting graphite tapes used to mount the processors in these devices generated additional momentum. We recorded strong growth in the US automotive industry in particular with our non-woven and sleeve products for bundling and mounting wire harnesses. The background to this is that US automakers are switching to new platforms where wire harnesses are now laid as flexible, taped bundles instead of being fed through rigid corrugated tubing. New products designed to protect the wheel rims and brakes of new cars during transport to dealers, as well as a new range of solutions for sealing production-related holes in the inside bodywork, also made their mark on the market. In the printing industry, a new generation of Softprint products for flexographic printing has achieved substantial worldwide acceptance. "Fast & Easy" allows plates to be mounted on the plate cylinder more quickly and simply, making wide-web flexographic printing more efficient – especially in light of the increasing number of relatively small print orders.

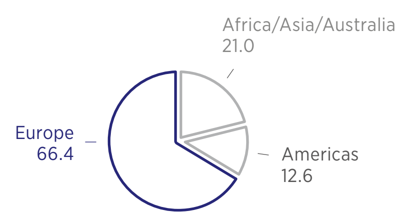
In the new Pharma business area, we achieved key milestones in our preparations to start manufacturing products for the market in fiscal year 2012. For example, our new clean room facility at the Hamburg plant received official approval to manufacture pharmaceutical plasters and oral films. Key customers see our ability to offer end-to-end development and production services as a competitive advantage and are increasingly turning to us for contract development work. We have already submitted several oral films – or Rapidfilms – for approval. These pharmaceutical polymer films dissolve quickly in the mouth without the need for additional fluids, making it easier to take active ingredients. Phase II clinical trials of Sufentanil, a pain relief patch developed by our affiliate Labtec, have begun in cooperation with a development partner.

We have also entered the new Building Supply business area with innovative products based on ACX technology, which was developed and patented by tesa. Our main focus is extra-durable adhesive solutions for the building and construction industry. The first range of tapes is already being used by leading international manufacturers of illuminated signage to mount signs in their frames. These strong, durable tapes can also be used for long-term indoor and outdoor applications and simplify the manufacturing process.

4.26 **Consumer Sales by Region (in %)**



4.27 **tesa Sales by Region (in %)**



The distribution business also performed well and we expanded our specialized ranges for commercial applications. Key innovations included ultrathin high-performance masking tape for extremely flat, clean paint edges, as well as a self-fusing silicon-based tape that is used to quickly and easily seal pipes and tubes in craft applications.

tesa Consumer Segment

Sales of consumer products were down slightly as a result of changes to the business structure, recording a decrease of 1.6%. In nominal terms, consumer sales amounted to €184 million (previous year: €187 million), or 19.5% of total sales in the year under review (previous year: 21.2%). Overall, both strategic business areas – home improvement solutions and products for the office supplies and stationery sector – performed well and we increased our market share in many key product groups. More innovative products were added to the range of particularly environmentally friendly products under the ecoLogo® sub-brand in the year under review. This was once again the main growth driver in the office supplies and stationery area. These products are mainly produced from recycled and biologically based raw materials and reflect the trend towards a sustainable lifestyle and working environment. Another new product category, the tesa Auto range, was also very well received. The range features anti-shock products and special films that drivers can use to protect their car's paintwork and quickly and effectively repair scratches. Our home improvement range was boosted by the addition of a new, waterproof version of our patented Powerstrips adhesive solution, ideal for use in the bathroom. We launched Powerstrips Waterproof together with a range of high-quality plastic and stainless steel hooks, holders, and storage baskets featuring a modern design. We explored new marketing avenues, concentrating not only on activities for specialist retailers and POS promotions but also on integrated thematic campaigns designed to boost consumer awareness of the tesa brand's expertise.

Balance Sheet Structure – Group

4.28 **Balance Sheet Structure (in € million)**

Assets	Dec. 31, 2010	**Dec. 31, 2011**
Non-current assets*	1,538	1,583
Inventories	632	699
Other current assets*	1,952	2,052
Cash and cash equivalents	973	941
	5,095	**5,275**

Equity and liabilities	Dec. 31, 2010	**Dec. 31, 2011**
Equity	2,920	3,016
Non-current provisions	326	297
Non-current liabilities	168	157
Current provisions	486	527
Current liabilities	1,195	1,278
	5,095	**5,275**

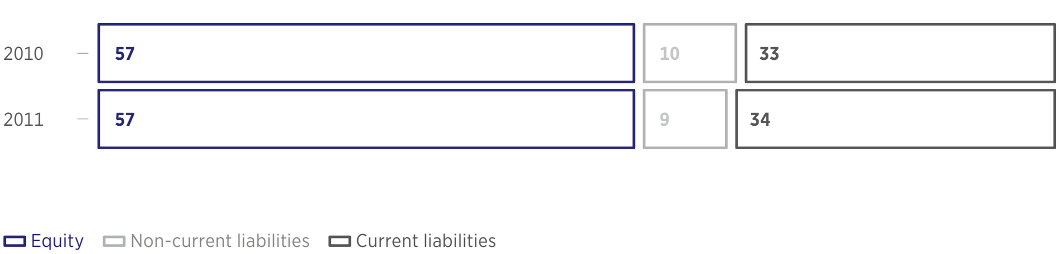
* The prior-year figures have been adjusted. See the disclosures in the section of the notes to the consolidated financial statements entitled "Notes to the Balance Sheet: 15 – Securities."

Non-current assets increased by €45 million as against the prior-year figure to €1,583 million (previous year: €1,538 million). Long-term securities rose to €675 million (previous year: €428 million). Capital expenditure amounted to €86 million, €63 million of which was attributable to the Consumer Business Segment and €23 million to tesa. Depreciation, amortization, and impairment losses amounted to €139 million (previous year: €142 million). In addition, impairment losses of €134 million (previous year: €79 million) were recognized on the Chinese hair care brands and on the goodwill of Beiersdorf Hair Care China (formerly C-BONS Hair Care). Inventories increased to €699 million (previous year: €632 million). Other current assets rose to €2,052 million (previous year: €1,952 million). They include short-term securities of €712 million (previous year: €704 million). Cash and cash equivalents amounted to €941 million (previous year: €973 million).

Net liquidity (cash, cash equivalents, and securities less current financial liabilities) increased to €2,156 million (previous year: €1,970 million).

The equity ratio was on a level with the previous year at 57%. The share of non-current liabilities amounted to 9% (previous year: 10%) and the share of current liabilities to 34% (previous year: 33%).

4.29 **Financial Structure (in %)**



Financial Position – Group

4.30 Cash Flow Statement – Group (in € million)

	2010	2011
Gross cash flow	518	428
Change in working capital	102	17
Net cash flow from operating activities	620	445
Net cash flow from investing activities	–228	–306
Free cash flow	392	139
Net cash flow from financing activities	–212	–175
Other changes	26	4
Net change in cash and cash equivalents	206	–32
Cash and cash equivalents as of Jan. 1	**767**	**973**
Cash and cash equivalents as of Dec. 31	**973**	**941**

Gross cash flow amounted to €428 million in the year under review, down €90 million on the prior-year value.

The change in working capital led to an inflow of €17 million (previous year: €102 million). The increases in trade payables of €84 million, and current provisions and other liabilities totaling €62 million, were partly offset by the €129 million rise in receivables and inventories.

The net cash outflow from investing activities amounted to €306 million in the year under review (previous year: outflow of €228 million). Capital expenditure of €86 million for property, plant, and equipment, and immaterial assets, as well as net payments of €255 million for the purchase of securities were partially offset by €29 million in interest income and other financial cash inflows.

Free cash flow fell by €253 million against the previous year and amounted to €139 million (previous year: €392 million). Based on the dividend of €159 million paid by Beiersdorf AG, interest and other financial cash outflows of €34 million, and an offsetting effect amounting to €18 million in relation to financial liabilities, the net cash outflow from financing activities amounted to €175 million, €37 million below the prior-year level (previous year: €212 million).

Cash and cash equivalents amounted to €941 million (previous year: €973 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

The Group's two business segments turned in very different performances. tesa again saw an extremely encouraging increase in sales, while sales in the Consumer Business Segment were up only slightly on the previous year. For Beiersdorf, fiscal year 2011 was a year of realignment, particularly in the Consumer segment. Group sales amounted to €5,633 million (previous year: €5,571 million). After adjustment for currency translation effects, this figure was up 2.1% on 2010 sales on a like-for-like basis.

The focus in the Consumer segment was on our further developed strategy: "Focus on Skin Care. Closer to Markets." By concentrating on its core business – skin care – and strengthening its regional orientation, Beiersdorf expects to return to its customary rates of growth over the medium term, improve the company's profitability, and further increase its competitive advantage. Consumer Business Segment sales were in line with our planning for fiscal year 2011. Results were impacted by one-time expenses for the realignment of our regional business structures in the Consumer segment, in particular the reorganization of our business structures in China. The Consumer Business Segment saw overall sales growth of 1.1%.

The tesa Business Segment maintained its positive performance following the previous year's clear recovery with sales growth of 7.9%, and continued to expand its market position.

Group EBIT amounted to €431 million (previous year: €583 million). After adjustment for special factors, EBIT was €646 million (previous year: €699 million). Excluding special factors, the EBIT margin was 11.5% (previous year: 12.5%).

Judgments by Management

With the exception of the presentation of sales, marketing costs and securities, no accounting policies were applied and related options were exercised in the consolidated financial statements that differ from those in prior years and that, if applied or exercised differently, would have had a material effect on the results of operations, balance sheet structure, and financial position. The reasons for the adjustment of the sales presentation format and the resulting effects are explained in the section of the notes to the consolidated financial statements entitled "Changes in Accounting Policies." Information on the effects of the use of estimates, assumptions, and judgments by management can also be found in the notes to the consolidated financial statements.

Research and Development

Intensive research has a 130-year tradition at Beiersdorf and is a key factor for our success. In the Consumer Business Segment, we develop innovative, user-driven products that are tailored to the wishes of consumers worldwide and that offer quality, effectiveness, and outstanding tolerability. tesa is also a world leader thanks to its development of innovative, high-quality self-adhesive system and product solutions.

967 people were employed in this area worldwide (previous year: 940), 564 (previous year: 575) of whom were in the Consumer Business Segment and 403 (previous year: 365) in the tesa Business Segment.

Consumer

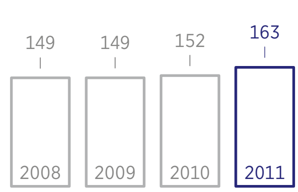
New Scientific Findings in Skin Research

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

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

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

4.31 **R&D Expenses (in € million)**
(R&D = Research & Development)



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

Prize for Open Research Platform

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

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

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

Focus on Consumer Wishes

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

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

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

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

Wide Range of Innovations

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

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

The **La Prairie Group** in Zurich (Switzerland) also developed a large number of innovative products in 2011 for Beiersdorf's exclusive brand La Prairie. One of the most important product launches is Cellular Power Infusion. Based on the latest biotechnological findings, this anti-aging skin care product draws on a synergy of powerful ingredients to stimulate skin regeneration, and re-energize and nourish it. Cellular Power Infusion combats causes of skin aging: loss of energy, the changing functionality of skin cells, and the weakening of tissue. The active ingredients are so pure that they must be combined directly before use. The energizing formula is activated with a simple turn of the wrist, blending the contents of the elegant bottle to create a brilliant, shimmering purplish blue.

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

Cellular Power Infusion contains a unique complex of Swiss snow algae, which flourish in the extreme glacial conditions of the Swiss Alps. Snow algae create a special protective mechanism to prevent stress and energy loss. We have applied for patents for this combination of tissue-restoring active ingredients and regenerative peptide, as well as for the special packaging.
Cellular Power Infusion is one of the most important product innovations from La Prairie's research and development and a significant milestone in cosmetics research.

tesa

Solvent-free Adhesive Solutions for Critical Surfaces

tesa's research and development focuses on developing solvent-free technologies for manufacturing high-performance double-sided adhesive tapes. Following the successful opening of tesa's proprietary ACX production facility at the end of 2010 and the market launch of the first products using this new technology, we built on this experience to develop additional high-performance structural adhesive solutions, in particular for outdoor use, during the fiscal year under review. Initial tests by customers from the automotive and solar industries, among others, were positive. The next generations of adhesive products are already being created in the laboratories and pilot plants at the research and development technical center. Our focus is on heavy-duty, permanent bonding of extremely critical surfaces.

Innovative Production Processes and Technologies

Other research and development focuses on new technologies and processes for manufacturing special products requiring maximum precision, transparency, and particle-free processing, as well as using these innovative processes to develop new products. We developed new barrier tapes in the cleanroom facility at our Hamburg location, which started operation in 2010. These extremely thin adhesive tapes are based on high-precision coating technology and can be used to protect future generations of organic electronics from damage caused by moisture and air. They will play a key role in thermal management in Consumer Electronics products of the future, which are becoming thinner and thinner, as well as more powerful.

Sustainable Raw Materials

The importance of diversifying the raw materials used to produce technical adhesive tapes has continued to rise in light of current price trends in the procurement markets. We are working to develop high-performance adhesive tapes based on renewable and recycled raw materials that meet the increasing sustainability requirements for industrialized adhesive tape production while maintaining the same high level of quality. Following the successful launch of our first consumer range in 2010, we are now developing products with an even higher proportion of these raw materials.
We are also working on alternative formulas for existing products. Our aim is to ensure competitive raw material sourcing on a global basis over the coming years.

For more information on Research and Development at Beiersdorf please visit —— WWW.BEIERSDORF.COM/RESEARCH.

Sustainability

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

Consumer

Sustainability Strategy: “We care.”

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

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

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

In the **“People”** area, we are addressing the issue of “employee engagement & development.” We want to encourage all employees to continue their development and to become personally involved. Another key aspect in this area is “corporate social responsibility.” We support local and global initiatives that are in line with our company's strategic goals. —— SEE PAGE 63

Targets for Sustainable Activities

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

Global Environmental Protection and Occupational Safety Standards

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

Less Waste, Same Quality

We are working continually on sustainable product solutions. 97% of our packaging materials are already recyclable. In 2011, we further reduced our materials usage while maintaining the same level of product quality. In the future, we will pursue opportunities to make savings throughout the entire packaging life cycle, for instance by using low-energy production technologies, cutting the number of transports, or minimizing waste. SEE PAGES 64, 66

Achieving More Together

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

Prevention Improves Health and Safety

We firmly believe that we can only become more sustainable with the help of our employees. Our extensive education and training programs help them to make their day-to-day work both more sustainable and, not least, safer. Numerous examples from our international affiliates demonstrate that the measures taken to reduce occupational accidents contribute to better safety in the workplace in the long term. SEE PAGE 68F.

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

Active Corporate Social Responsibility

We are taking responsibility in the wider world by supporting disadvantaged members of the community. According to the motto "We care & connect," we support activities that are consistent with our values and that have a positive influence on society and our brands. All activities around the world are based on the principle of "helping people to help themselves" and fulfill the criteria of local relevance, a longevity, mutually-beneficial approach, and measurability. SEE PAGE 69FF.

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

tesa

High Level of Environmental Protection

We continued to make substantial progress in implementing our environmental program in fiscal year 2011. Since the beginning of 2007, for example, we have reduced VOC (volatile organic compound) emissions significantly and have in fact exceeded our 2011 target.

In the occupational safety area, we continued our positive trend of recent years and further reduced the number of accidents at work in our foreign production facilities. The key measures needed to achieve this are regular inspections of facilities, the harmonization of safety standards, and local training. In order to guarantee a uniformly high standard of occupational safety, we introduced a forum in 2011 in which technical managers and safety teams can swap experiences on an ongoing basis.

Sponsorship of UNESCO Biosphere Reserve

tesa's 75th anniversary was an opportunity for us to become a long-term sponsor of the UNESCO Biosphere Reserve in Lower Saxony's Elbe Valley. tesa employees can take part in a variety of activities, all of which contribute to maintaining this highly biodiverse, environmentally sensitive floodplain landscape.

In connection with our range of environmentally friendly products that were launched in 2010 under the ecoLogo® sub-brand, tesa set up the "Kleben Sie ein Zeichen!" competition in 2011. A total of €50,000 is being used to finance projects designed to improve the environment on a local and regional level, set up by members of the public throughout Germany. Those interested could take part by visiting —— WWW.ZEICHEN-KLEBEN.DE. Industry association PBS-Industrieverband e.V. awarded us the "Sustainability Prize 2011" for our commitment to sustainability as demonstrated by the launch of the tesa ecoLogo® range. The jury praised the way the company served as a role model for the sector.

Successful Social Cooperation

In 2011, tesa again took part in a large number of projects that meet the criteria laid down in its "tesa Corporate Giving Policy." We focused mainly on helping disadvantaged children and young people by providing donations and sponsorship, and by doing voluntary work. To ensure a long-term approach, we continued and expanded on our activities from the previous year. For example, additional employees signed up to take part in the "Das macht Schule e.V." initiative. This association brings together schools and companies in projects to renovate and design schools that are then implemented by schoolchildren and teachers together with employees from the companies involved.

Employees in our Eastern European affiliates again took part in "Smiling Hospitals Foundation" projects in the year under review. Together with tesa, they organized a painting day in the children's casualty unit at the Géza Hetényi County Hospital in Hungary in 2011. All tesa's activities are documented in an annual report that is available at —— WWW.TESA.COM/RESPONSIBILITY.

Employees

Success Has Many Faces

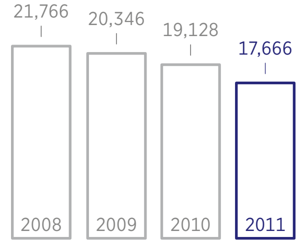
The Beiersdorf Group employed 17,666 people worldwide on December 31, 2011 (previous year: 19,128). 5,889 people, or 33%, were employed in Germany. At the end of the fiscal year, 13,871 people worked in the Consumer Business Segment (previous year: 15,506). The tesa Business Segment accounted for 3,795 staff (previous year: 3,622).

Consumer

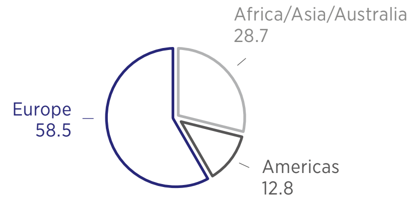
Identifying Global Trends

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

4.32 **Group Employees**
as of Dec. 31



4.33 **Employees by Region (in %)**
as of Dec. 31, 2011; total 17,666 employees



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

Shaping the Change Process

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

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

This comprises making the best use of employees' skills and potential to meet workplace demands, promoting motivation, and fostering a performance-driven culture.

One of Human Resources' most important tasks in fiscal year 2011 was initiating and shaping structural change. Our number one priority was to plan these changes thoroughly and in a far-sighted manner, as well as to implement the necessary measures. Ensuring the right balance in the division of responsibilities between headquarters and the regions, as well as determining the optimal assignment of roles and responsibilities, were critically important. The Consumer Business Strategy can only be successfully implemented when the right people, with the right skills and abilities, are in the right place at the right time.

With the rollout of the final phase of the implementation of the strategy in November, Beiersdorf announced the changes designed to simplify and optimize the company's structures and processes and align them with a stronger role for the regions.

Focus on Skills

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

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

Performance Guidelines

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

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

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

Optimized Strategic Human Resources Planning

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

tesa

Formation of New Western Europe Region

One of Human Resources' key tasks was preparing the company for the reorganization of our regional structures in Western Europe. As part of this reorganization, the current Southwest and Northern Europe regions will be merged with Germany, Austria, and Switzerland to create the new Western Europe Region. The goal is to ensure faster and more efficient implementation of our strategy to increase our competitive ability.

Management Development Program 1 + 2

We launched a tailor-made international management development program together with the Rotterdam School of Management at Erasmus University in the Netherlands in 2010. The nine-month course teaches managers from different tesa locations about the latest management techniques in the areas of strategy, financial control, and customer orientation. Managers are also given the opportunity to reflect on their own management style and gain practical experience in virtual teamwork by working on a tesa-related project. 17 managers attended the first program, which was extremely well received and is scheduled to be repeated in 2013.
We are currently developing a Management Development Program for experienced managers in cooperation with Northern Institute of Technology. The project is scheduled to begin in 2012.

Competencies Review

We continually adapt our development tools to meet the changing demands of our regions. For many years now, we have been offering employees who have been with us for a few years the opportunity to take part in an analysis to determine where they are in relation to our tesa core competencies. This can then be used to draw up a customized development program. This competencies review was revised in 2011 and optimized to meet the needs of our regions. The new format has already been successfully rolled out in Europe, the Americas, and Asia.

Sales Qualifications

As in previous years, we continued to drive forward training for our sales organizations. All new employees now complete an internal induction program lasting for several weeks. This familiarizes participants with our products, the technology behind adhesive tapes, customer applications, as well as our sales techniques. The technical training modules are continually updated to include the latest innovations and market developments. In 2011 our organizations in North and South America joined the full international program as well.

Risk Report

Integrated Risk and Opportunity Management

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

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

Accounting-related Internal Control System

An accounting-related internal control system is used to ensure the correctness of the bookkeeping and accounting as well as the reliability of the financial reporting in the consolidated financial statements and the Group Management Report. This integral element of the consolidated accounting process comprises preventive, monitoring, and detective measures designed to ensure security and control in accounting and the operational functions. The security measures embedded in the organizational structure and workflows are intended to prevent errors, while the controls aim to reduce the probability of errors occurring during processes and to discover any errors that are made. Among other things, the measures include the separation of functions, manual and IT-based approval processes such as dual controls, IT checks, access restrictions and authorization concepts for the IT system, and systems-based processes for handling Group accounting data. Procedural instructions, standardized reporting formats, and IT-based reporting and consolidation processes support Group accounting and financial reporting for the companies included in the consolidated financial statements.

The Shared Service Centers provide uniform processing of the core accounting processes at Beiersdorf AG and its European affiliates. The basic principles and processes and the reporting structure for Group accounting are documented in an accounting and financial control manual and a risk management manual. Legislation, accounting standards, and pronouncements are analyzed for their relevance and taken into account as necessary.

Independent Monitoring

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

Our Risk Profile

Strategic and sector-specific Risks

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

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

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

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

Supply Chain and IT Risks

We counter procurement risks relating to the availability and price of raw materials, merchandise, and services by continuously monitoring our markets and suppliers and ensuring active management of our supplier portfolio, as well as appropriate contract management. Procurement strategies are reviewed regularly and adjusted to reflect internal and external requirements. We counter compliance risks by providing clear management structures and through efficient organizational measures. Occupational safety, environmental, and business interruption risks in our production and logistics activities are minimized by process control checks and location-specific audits. We minimize risks relating to the availability, reliability, and efficiency of our IT systems through continuous monitoring and improvements, as well as by establishing a continuity management system that is an integrated part of our IT operations. We counter selected risks by transferring them to insurance companies.

Cooperation and contacts with universities enable us to build early links to qualified new employees, for whom we have special trainee programs to prepare them for a career at Beiersdorf. Our uniform global Talent Management process identifies and develops talented specialists and management personnel at all levels and supports the appointment of qualified staff in key positions throughout the company as these become vacant.

Financial Risks

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

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

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

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

We use liquidity concentration methods and tools at our affiliates in order to optimally manage our investments. Appropriate systems ensure we have transparency concerning our affiliates' remaining funds. Positive balances are registered with central counterparty risk management. Our financial risk management is characterized by the clear allocation of responsibilities, central rules for limiting financial risks as a matter of principle, and the conscious alignment of the instruments deployed with the requirements of our business activities.

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

Summary of 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."

See also —— **PAGE 153FF.**

Report on Post-Balance Sheet Date Events

No significant events occurred after the end of the fiscal year.

Disclosures Required by Takeover Law

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

Please refer to the notes to the consolidated financial statements for the disclosures on the composition of the subscribed capital and the disclosures on direct or indirect interests in the share capital exceeding 10% of the voting rights. In addition to this Michael Herz, Germany, informed the Executive Board that further shares in Beiersdorf Aktiengesellschaft are attributable to him and that he directly holds shares in Beiersdorf Aktiengesellschaft. In total, the share of voting rights held by Michael Herz in Beiersdorf Aktiengesellschaft amounts to 60.88% (including 9.99% own shares held by Beiersdorf Aktiengesellschaft, which do not carry voting or dividend rights).

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

The Annual General Meeting on April 29, 2010, authorized the Executive Board, with the approval of the Supervisory Board, to increase the share capital in the period until April 28, 2015, by up to a total of €92 million (Authorized Capital I: €42 million; Authorized Capital II: €25 million; Authorized Capital III: €25 million) by issuing new no-par-value bearer shares on one or several occasions. In this context, the dividend rights for new shares may be determined by a different method than that set out in § 60 (2) *AktG*.

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

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

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

3. if the total amount of share capital attributable to the new shares for which preemptive rights are to be disapplied does not exceed 10% of the share capital existing at the time this authorization comes into effect or, in the event that this amount is lower, at the time the new shares are issued and the issue price is not materially lower than the quoted market price of the existing listed shares at the time when the issue price is finalized, which should be as near as possible to the time the shares are placed. In the context of the restriction of this authorization to a total of 10% of the share capital, those shares must be included for which the preemptive rights of shareholders have been disapplied since April 29, 2010, in accordance with § 186 (3) sentence 4 *AktG* when the authorization to sell own shares is utilized and/or when the authorization to issue convertible bonds and/or bonds with warrants is utilized (Authorized Capital II);

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

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

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

1. the holders or creditors of conversion and/or option rights attached to convertible bonds and/or bonds with warrants issued in the period until April 28, 2015, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, choose to exercise their conversion or option rights, or

2. the holders or creditors of convertible bonds giving rise to a conversion obligation issued in the period until April 28, 2015, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, comply with such obligation, and the contingent capital is required for this in accordance with the terms and conditions of the bonds.

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

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

The Annual General Meeting on April 29, 2010, also authorized the company in accordance with § 71 (1) no. 8 *AktG* to purchase own shares in the total amount of up to 10% of the existing share capital in the period up to April 28, 2015. The shares shall be purchased via the stock exchange or via a public purchase offer addressed to all shareholders. The Annual General Meeting authorized the Executive Board, with the approval of the Supervisory Board, to sell in whole or in part the own shares purchased on the basis of the above-mentioned or a prior authorization while disapplying the shareholders' preemptive rights, including in a way other than via the stock exchange or via a purchase offer to all shareholders, to the extent that these shares are sold for cash at a price that does not fall materially below the market price of the same class of shares of the company at the time of the sale. The Executive Board was also authorized, with the approval of the Supervisory Board, to utilize the above-mentioned own shares in whole or in part as consideration or partial consideration in the context of a merger or the acquisition of companies, equity interests in companies (including increases in equity interests), or business units of companies, while disapplying the preemptive rights of shareholders. Moreover, the Executive Board is authorized, with the approval of the Supervisory Board, to utilize these own shares in whole or in part, while disapplying the preemptive rights of shareholders, in order to satisfy the subscription and/or conversion rights from convertible bonds and/or bonds with warrants issued by the company or companies in which it holds a direct or indirect majority interest. Finally, the Executive Board was authorized, with the approval of the Supervisory Board, to retire the above-mentioned own shares without requiring an additional resolution by the Annual General Meeting.

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

Report on Expected Developments

Expected Macroeconomic Developments

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

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

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

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

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

Sector Developments

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

We anticipate that growth in the global adhesive tape market will vary greatly according to sector and region. Growth in Asia, Latin America, and Eastern Europe is expected to remain stronger than in the other regions. The electronics industry, one of our focus sectors, continues to offer high growth potential. Business in North America largely depends on economic developments in the automotive industry, which will be dominated by major uncertainties in 2012. The exceptionally high growth seen in the year under review will not continue at the same level. Growth in Western Europe will essentially be determined by how the euro and sovereign debt crisis unfolds. Overall, we expect the region to record moderate growth.

Our Market Opportunities

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

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

Business Developments

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

In the following years, the **Group** aims to improve sales growth as against the previous year. The consolidated EBIT margin from operations should resume its growth in 2012 and should continue to increase in the following year.

In the **Consumer** Business Segment, we anticipate a growth in line with the market in 2012 and a renewal of growth in excess of the market over the coming years. The EBIT margin from operations will exceed the prior-year level in 2012 and should continue to rise in 2013.

tesa anticipates that sales growth in the next years will be slightly in excess of the market. Although the 2012 outlook for the adhesive tape market is dominated by major uncertainties resulting from the euro and sovereign debt crisis, tesa is sustainably strengthening its overall market position through ongoing investment in high-quality, innovative products based on new technologies, in research and development, and in production and sales – particularly in the growth markets. Operating profit will also benefit from this and will increase slightly.

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

Hamburg, February 7, 2012
Beiersdorf AG
The Executive Board

Consolidated Financial Statements

Consolidated Income Statement

(in € million)

	Note	2010	2011
Sales*	**01**	**5,571**	**5,633**
Cost of goods sold		–2,016	–2,077
Gross profit*		**3,555**	**3,556**
Marketing and selling expenses*	02	–2,336	–2,454
Research and development expenses		–152	–163
General and administrative expenses	03	–278	–291
Other operating income	04	86	158
Other operating expenses	05	–292	–375
Operating result (EBIT)		**583**	**431**
Interest income	06	19	31
Interest expense	06	–13	–19
Net pension result	06	–6	–2
Other financial result	06	–30	–1
Financial result	**06**	**–30**	**9**
Profit before tax		**553**	**440**
Taxes on income	07	–227	–181
Profit after tax		**326**	**259**
Profit attributable to equity holders of Beiersdorf AG		318	250
Profit attributable to non-controlling interests	08	8	9
Basic/diluted earnings per share (in €)	**09**	**1.40**	**1.10**

* The prior-year figures have been adjusted due to the amendment of the sales presentation format. See the disclosures in the section entitled “Changes in Accounting Policies.”

Statement of Comprehensive Income

(in € million)

	2010	2011
Profit after tax	**326**	**259**
Remeasurement gains and losses on cash flow hedges	–6	–5
Deferred taxes on remeasurement gains and losses on cash flow hedges	2	1
Remeasurement gains and losses on cash flow hedges recognized in other comprehensive income	–4	–4
Remeasurement gains and losses on available-for-sale financial assets	–	–7
Deferred taxes on remeasurement gains and losses on available-for-sale financial assets	–	3
Remeasurement gains and losses on available-for-sale financial assets recognized in other comprehensive income	–	–4
Exchange differences	128	13
Other comprehensive income net of tax	**124**	**5**
Total comprehensive income	**450**	**264**
Of which attributable to		
– Equity holders of Beiersdorf AG	440	254
– Non-controlling interests	10	10

Consolidated Balance Sheet

(in € million)

Assets	Note	Dec. 31, 2010	**Dec. 31, 2011**
Intangible assets	11	306	172
Property, plant, and equipment	12	716	635
Non-current financial assets/Securities*	15	438	686
Other non-current assets		2	3
Deferred tax assets	07	76	87
Non-current assets		**1,538**	**1,583**
Inventories	13	632	699
Trade receivables	14	1,001	1,019
Other current financial assets		72	113
Income tax receivables		63	73
Other current assets		112	115
Securities*	15	704	712
Cash and cash equivalents	16	973	941
Non-current assets and disposal groups held for sale	17	–	20
Current assets		**3,557**	**3,692**
		5,095	**5,275**

Equity and liabilities	Note	Dec. 31, 2010	**Dec. 31, 2011**
Share capital	19	252	252
Additional paid-in capital	22	47	47
Retained earnings	23	2,609	2,700
Accumulated other consolidated income	24	–1	3
Equity attributable to equity holders of Beiersdorf AG		**2,907**	**3,002**
Non-controlling interests	25	13	14
Equity		**2,920**	**3,016**
Provisions for pensions and other post-employment benefits	26	209	190
Other non-current provisions	27	117	107
Non-current financial liabilities	28	8	5
Other non-current liabilities	28	5	4
Deferred tax liabilities	07	155	148
Non-current liabilities		**494**	**454**
Other current provisions	27	486	527
Income tax liabilities		126	82
Trade payables	28	863	946
Other current financial liabilities	28	135	172
Other current liabilities	28	71	78
Current liabilities		**1,681**	**1,805**
		5,095	**5,275**

* The prior-year figures have been adjusted.
See the disclosures in the section entitled "Notes to the Balance Sheet: 15 – Securities."

Consolidated Cash Flow Statement

(in € million)

	2010	2011
Operating result (EBIT)	**583**	**431**
Income taxes paid	–247	–243
Depreciation and amortization	221	273
Change in non-current provisions (excluding interest)	–38	–33
Gain/loss on disposal of property, plant, and equipment, and intangible assets	–1	–
Gross cash flow	**518**	**428**
Change in inventories	–71	–67
Change in receivables and other assets	–52	–62
Change in liabilities and current provisions	225	146
Net cash flow from operating activities	**620**	**445**
Investments	–96	–86
Proceeds from divestments and the sale of non-current assets	12	6
Payments for the purchase of securities	–814	–816
Proceeds from the sale of securities	634	561
Interest received	20	29
Proceeds from dividends and other financing activities	16	–
Net cash flow from investing activities	**–228**	**–306**
Free cash flow	**392**	**139**
Proceeds from loans	143	151
Loan repayments	–152	–133
Interest paid	–6	–17
Other financing expenses paid	–31	–8
Cash dividends paid (Beiersdorf AG)	–159	–159
Cash dividends paid (non-controlling interests)	–7	–9
Net cash flow from financing activities	**–212**	**–175**
Effect of exchange rate fluctuations on cash held	26	4
Net change in cash and cash equivalents	**206**	**–32**
Cash and cash equivalents as of Jan. 1	**767**	**973**
Cash and cash equivalents as of Dec. 31	**973**	**941**

Statement of Changes in Equity

(in € million)

	Share capital	Additional paid-in capital	Retained earnings*	Accumulated other consolidated income: Currency translation adjustment	Accumulated other consolidated income: Hedging instruments from cash flow hedges	Accumulated other consolidated income: Available-for-sale financial assets	Total attributable to equity holders	Non-controlling interests	**Total**
Jan. 1, 2010	**252**	**47**	**2,450**	**–127**	**–1**	**5**	**2,626**	**10**	**2,636**
Total comprehensive income for the period	–	–	318	126	–4	–	440	10	450
Dividend of Beiersdorf AG for previous year	–	–	–159	–	–	–	–159	–	–159
Dividend of non-controlling interests for previous year	–	–	–	–	–	–	–	–7	–7
Dec. 31, 2010	**252**	**47**	**2,609**	**–1**	**–5**	**5**	**2,907**	**13**	**2,920**
Jan. 1, 2011	**252**	**47**	**2,609**	**–1**	**–5**	**5**	**2,907**	**13**	**2,920**
Total comprehensive income for the period	–	–	250	12	–4	–4	254	10	264
Dividend of Beiersdorf AG for previous year	–	–	–159	–	–	–	–159	–	–159
Dividend of non-controlling interests for previous year	–	–	–	–	–	–	–	–9	–9
Dec. 31, 2011	**252**	**47**	**2,700**	**11**	**–9**	**1**	**3,002**	**14**	**3,016**

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

Consolidated Segment Reporting

(in € million)

Business segments 2011		Consumer	tesa	Group
Net sales		**4,696**	**937**	**5,633**
Change (nominal)	(in %)	0.0	7.3	1.1
Change (adjusted for currency translation effects)	(in %)	0.6	7.9	1.8
Share of Group sales	(in %)	**83.4**	**16.6**	**100.0**
EBITDA		**563**	**141**	**704**
Operating result (EBIT)		**322**	**109**	**431**
As % of sales		6.9	11.6	7.7
Operating result (EBIT, excluding special factors)**		**537**	**109**	**646**
As % of sales		11.4	11.6	11.5
Gross operating capital		**2,160**	**539**	**2,699**
Operating liabilities		**1,521**	**172**	**1,693**
EBIT return on net operating capital	(in %)	**50.5**	**29.7**	**42.9**
Gross cash flow		**318**	**110**	**428**
Capital expenditure		**63**	**23**	**86**
Depreciation and amortization		**107**	**32**	**139**
Impairment losses on trademarks and goodwill		**134**	**–**	**134**
Research and development expenses		**120**	**43**	**163**
Employees	(as of Dec. 31, 2011)	**13,871**	**3,795**	**17,666**

Business segments 2010		Consumer	tesa	Group
Net sales*		**4,698**	**873**	**5,571**
Change (nominal)	(in %)	6.2	18.4	7.8
Change (adjusted for currency translation effects)	(in %)	1.6	13.3	3.1
Share of Group sales*	(in %)	**84.3**	**15.7**	**100.0**
EBITDA		**668**	**136**	**804**
Operating result (EBIT)		**483**	**100**	**583**
As % of sales*		10.3	11.4	10.5
Operating result (EBIT, excluding special factors)**		**599**	**100**	**699**
As % of sales*		12.7	11.4	12.5
Gross operating capital		**2,262**	**513**	**2,775**
Operating liabilities		**1,383**	**177**	**1,560**
EBIT return on net operating capital	(in %)	**54.9**	**29.5**	**47.9**
Gross cash flow		**424**	**94**	**518**
Capital expenditure		**63**	**33**	**96**
Depreciation and amortization		**106**	**36**	**142**
Impairment losses on trademarks and goodwill		**79**	**–**	**79**
Research and development expenses		**114**	**38**	**152**
Employees	(as of Dec. 31, 2010)	**15,506**	**3,622**	**19,128**

* The prior-year figures have been adjusted due to the amendment of the sales presentation format. See the disclosures in the section entitled “Changes in Accounting Policies.”
** See the disclosures contained in the section entitled “Notes to the Segment Reporting.”

(in € million)

Regions 2011		Europe	Americas	Africa/Asia/ Australia	Group
Net sales		**3,414**	**993**	**1,226**	**5,633**
Change (nominal)	(in %)	–1.0	6.6	3.1	1.1
Change (adjusted for currency translation effects)	(in %)	–1.4	10.9	3.8	1.8
Share of Group sales	(in %)	**60.6**	**17.6**	**21.8**	**100.0**
EBITDA		**559**	**85**	**60**	**704**
Operating result (EBIT)		**455**	**74**	**–98**	**431**
As % of sales		13.3	7.5	–8.0	7.7
Operating result (EBIT, excluding special factors)**		**537**	**75**	**34**	**646**
As % of sales		15.7	7.5	2.8	11.5
Gross operating capital		**1,746**	**493**	**460**	**2,699**
Operating liabilities		**1,112**	**223**	**358**	**1,693**
EBIT return on net operating capital	(in %)	**71.9**	**27.5**	**–96.2**	**42.9**
Gross cash flow		**346**	**64**	**18**	**428**
Capital expenditure		**63**	**11**	**12**	**86**
Depreciation and amortization		**104**	**11**	**24**	**139**
Impairment losses on trademarks and goodwill		**–**	**–**	**134**	**134**
Research and development expenses		**157**	**2**	**4**	**163**
Employees	(as of Dec. 31, 2011)	**10,326**	**2,261**	**5,079**	**17,666**

Regions 2010		Europe	Americas	Africa/Asia/ Australia	Group
Net sales*		**3,450**	**932**	**1,189**	**5,571**
Change (nominal)	(in %)	2.0	21.0	16.9	7.8
Change (adjusted for currency translation effects)	(in %)	–0.2	15.4	4.7	3.1
Share of Group sales*	(in %)	**61.9**	**16.7**	**21.4**	**100.0**
EBITDA		**661**	**90**	**53**	**804**
Operating result (EBIT)		**555**	**78**	**–50**	**583**
As % of sales*		16.1	8.3	–4.2	10.5
Operating result (EBIT, excluding special factors)**		**589**	**78**	**32**	**699**
As % of sales*		17.1	8.3	2.7	12.5
Gross operating capital		**1,746**	**427**	**602**	**2,775**
Operating liabilities		**1,053**	**187**	**320**	**1,560**
EBIT return on net operating capital	(in %)	**78.0**	**32.2**	**–13.0**	**47.9**
Gross cash flow		**432**	**62**	**24**	**518**
Capital expenditure		**72**	**8**	**16**	**96**
Depreciation and amortization		**106**	**12**	**24**	**142**
Impairment losses on trademarks and goodwill		**–**	**–**	**79**	**79**
Research and development expenses		**148**	**1**	**3**	**152**
Employees	(as of Dec. 31, 2010)	**10,523**	**2,086**	**6,519**	**19,128**

* The prior-year figures have been adjusted due to the amendment of the sales presentation format. See the disclosures in the section entitled “Changes in Accounting Policies.”
**See the disclosures contained in the section entitled “Notes to the Segment Reporting.”

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 area of skin and body 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, 2011, were prepared by the Executive Board on February 7, 2012, 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, 2011, 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" categories 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 in relation to the following accounting policies: the impairment of goodwill and indefinite-lived intangible assets (Note 11 "Intangible Assets"), write-downs of doubtful receivables (Note 14 "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 7 "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. The cost of an acquisition is the sum of the consideration transferred, measured at fair value at the acquisition date, and the non-controlling interests in the acquiree. For each business combination, the purchaser measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. 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. Costs incurred in the course of the business combination are recognized as an expense.

Profit and equity of subsidiaries attributable to non-controlling interests are presented separately in the consolidated income statement and as a component of equity in the consolidated balance sheet. Losses at a subsidiary are attributed to the non-controlling interest even if this results in a negative balance. In the case of successive purchases of the shares of subsidiaries, the difference between the cost of the new shares and the non-controlling interests previously recognized in the Group for these shares is recognized in other comprehensive income. In a business combination achieved in stages, the effects from acquisition-date fair value remeasurement of previously held equity interests in the acquiree are recognized in the income statement. An adjustment of a contingent consideration is recognized in the income statement.

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.

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

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 generally 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 =)

		Average rates	
	ISO Code	2010	**2011**
Swiss franc	CHF	1.3700	1.2320
Chinese yuan	CNY	8.9277	9.0301
Pound sterling	GBP	0.8560	0.8713
Japanese yen	JPY	115.2592	111.3208
Polish zloty	PLN	4.0049	4.1380
US dollar	USD	1.3207	1.4000

Exchange Rate Changes (€1 =)

		Closing rates	
	ISO Code	2010	**2011**
Swiss franc	CHF	1.2504	1.2156
Chinese yuan	CNY	8.8220	8.1588
Pound sterling	GBP	0.8608	0.8353
Japanese yen	JPY	108.6500	100.2000
Polish zloty	PLN	3.9750	4.4580
US dollar	USD	1.3362	1.2939

Changes in Accounting Policies

Beiersdorf decided to change its previous accounting policy and not to present expenses for consideration payable to trading partners in marketing and selling expenses any longer, but rather to deduct them from sales in those cases where the consideration is not matched by a distinct product or service supplied whose fair value can be estimated reliably. We take the view that this policy better reflects the accounting practice commonly in use in the industry. The changes were made retroactively and led to an adjustment being made to the financial information for the previous year. This change only impacts sales revenue and marketing and selling expenses. It does not affect the operating result (EBIT), profit after tax, earnings per share, the balance sheet, or the cash flow statement. All sales-related ratios have also changed. The adjustment of the sales figures and the marketing and selling expenses for full-year 2010 in the amount of €623 million relates exclusively to the Consumer Business Segment.

Please refer to Note 15 “Securities” regarding the change in presentation of the securities. All other accounting policies correspond in general to those applied in the previous year.

The following standards were required to be applied for the first time in the fiscal year:

— IAS 24 (2009): “Related Party Disclosures” (as from/after January 1, 2011)
  The revised standard simplifies reporting requirements for state-controlled entities. In addition, the definition of “related parties” was revised so as to facilitate their identification. The new definition clarifies the cases and circumstances in which persons and members of the key management personnel qualify as related parties.

— “Annual Improvement Project 2010” (as from/after January 1, 2011, or July 1, 2011)
  This resulted in amendments to six IFRSs and one IFRIC Interpretation. The idea behind the Annual Improvements Project is to make non-urgent but necessary amendments to existing IFRSs that are not implemented in other major projects.

There were no material effects on the consolidated financial statements from the first-time application of the revised standards in fiscal year 2011. Other amendments to or new standards and interpretations that were also required to be applied for the first time in fiscal year 2011 did not have an impact on the consolidated financial statements.

Sales Figures for Fiscal Year 2010 (in € million)

	before presentation adjustment	in % of Consumer sales	after presentation adjustment	in % of Consumer sales
Germany	**912**	**17**	**746**	**16**
Western Europe (excluding Germany)	*1,751*	*33*	*1,565*	*33*
Eastern Europe	*585*	*11*	*544*	*11*
Europe (excluding Germany)	**2,336**	**44**	**2,109**	**44**
North America	*364*	*7*	*307*	*7*
Latin America	*558*	*10*	*517*	*11*
Americas	**922**	**17**	**824**	**18**
Africa/Asia/Australia	**1,151**	**22**	**1,019**	**22**
Consumer	**5,321**	**100**	**4,698**	**100**
tesa	873		873	
Total	**6,194**		**5,571**	

The following Standards and Interpretations relevant for the Beiersdorf Group's business operations have been issued as of December 31, 2011, but are not yet required to be applied for the fiscal year then ended:

— IFRS 7 "Financial Instruments: Disclosure" (as from/after July 1, 2011)
The extended requirements laid down in the new Standard are designed to improve disclosures of the nature of and risk associated with asset transfer transactions.

— IFRS 7 "Financial Instruments: Disclosure" (as from/after January 1, 2013)
The revised Standard was expanded to include new disclosure requirements relating to the offsetting of financial assets and financial liabilities.

— IFRS 9 "Financial Instruments: Classification and Measurement" (as from/after January 1, 2015)
The Standard primarily contains rules governing the classification and measurement of financial assets (for which there will only be two measurement categories in future instead of four) and financial liabilities.

— IFRS 10 "Consolidated Financial Statements" (as from/after January 1, 2013)
The Standard contains a new definition of control that must be used to identify whether investees must be consolidated. As a result, there will be a single consolidation model for all controlled entities. The Standard replaces the consolidation guidance in IAS 27 and the rules laid down in SIC 12 "Consolidation – Special Purpose Entities."

— IFRS 11 "Joint Arrangements" (as from/after January 1, 2013)
IFRS 11 specifies the accounting treatment for joint arrangements. In addition, the new definition prohibits the use of proportionate consolidation to account for joint ventures.

— IFRS 12 "Disclosure of Interests in Other Entities" (as from/after January 1, 2013)
The new Standard contains all disclosure requirements for subsidiaries, joint arrangements, associates, and structured entities.

— IFRS 13 "Fair Value Measurement" (as from/after January 1, 2013)
IFRS 13 consolidates the existing guidance on fair value measurement in a single Standard. It defines fair value, provides guidance on how to determine fair value, and specifies the required disclosures on fair value measurement.

— IAS 1 (2011) "Presentation of Financial Statements" (as from/after July 1, 2012)
The rules governing the presentation of other comprehensive income were changed to require the separate presentation of components that will be subsequently reclassified to profit or loss ("recycled") and those that will not be reclassified.

— IAS 19 (2011) "Employee Benefits" (as from/after January 1, 2013)
The key amendment to the revised Standard is the elimination of the option to recognize actuarial gains in profit or loss (and hence the use of the corridor method). In addition, the concept of the expected return on plan assets was abolished. In future, the return on plan assets will be recognized in profit or loss on the basis of the yield from corporate bonds, regardless of the portfolio structure. In addition, the amendment increases the disclosure requirements for defined benefit plans.

— IAS 27 (2011) "Separate Financial Statements" (as from/after January 1, 2013)
The amended version of IAS 27 contains changes resulting from the publication of IFRS 10. The provisions governing accounting for separate financial statements remain part of IAS 27 and have not been amended, in contrast to the other parts of IAS 27, which have been replaced by the new IFRS 10.

— IAS 28 (2011) "Investments in Associates and Joint Ventures" (as from/after January 1, 2013)
The revised IAS 28 Standard contains changes resulting from the publication of IFRS 11 and IFRS 12.

— IAS 32 (2011) "Presentation of Financial Statements" (as from/after January 1, 2014)
The changes clarify the offsetting requirements. Above and beyond this, additional guidance on offsetting financial assets and financial liabilities has been included in the Standard.

These Standards will be applied at the latest in the year in which they are first required to be applied. The first-time application of **IAS 19** will result in the reclassification to equity (accumulated other comprehensive income) of the actuarial gains and losses from the provisions for pensions and other post-employment benefits, the recognition in equity of previously unrecognized actuarial gains, and extended disclosure requirements. The effects of **IFRS 9** are currently still being analyzed. With the exception of additional or modified disclosure requirements, we do not expect any material effects on the consolidated financial statements to arise from the first-time application of the other new Standards.

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, as is consideration payable to trading partners in those cases in which the consideration is not matched by a distinct product or service supplied whose fair value can be estimated reliably. The probability of returns is reflected in the recognition and measurement of sales.

Cost of goods sold comprises the cost of internally produced goods sold 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. The item includes expenditure on advertising, retail (point of sale) marketing, and similar items. This item also includes write-downs of trade receivables.

Research costs are recognized in profit or loss for the period. Development costs for new products are not capitalized as their expected future economic benefits cannot be measured reliably. Until the products are market-ready, there is no reliable evidence that positive cash flows will be generated. **Other development costs** (e.g., for information systems) are capitalized as intangible assets if the recognition criteria laid down in IAS 38 are met. Once capitalized, they are amortized using the straight-line method over their expected useful lives.

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 a 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 that are largely 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. In the Beiersdorf Group, 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 valued 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 other comprehensive income are recognized in the income statement. They are measured on the basis of appropriate market prices or by applying suitable valuation techniques. 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 are tested for **impairment** as of each reporting date. Any impairment established or any reversal of impairment losses in subsequent periods is generally recognized immediately in profit or loss. For financial assets available for sale, an impairment loss is 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 or cancelled, or when it has 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 reported 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.

Derivatives classified as fair value hedges are measured at their fair value. Any resulting changes in fair value are recognized in profit or loss. The carrying amount of the hedged asset or liability is adjusted for the changes in fair value attributable to the hedged risk. Gains or losses resulting from changes in fair value are recognized in profit or loss for the period.

For derivative financial instruments designated as hedging instruments that 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 appropriate 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 at the balance sheet date for matching risk and maturities.

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 provisions for defined contribution plans are recorded in the income statement. Those recognized for 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 provisions 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 unrecognized 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.

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 IFRS balance sheet, 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 business combinations 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.

Current tax assets and liabilities and deferred tax assets and liabilities are offset respectively if the Group has a legally enforceable right to offset the current tax assets against current tax liabilities and these relate to income taxes levied on the same taxable entity by the same taxation authority.

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
Non-current assets and disposal groups held for sale	Lower of (amortized) cost or net realizable value
Equity and liabilities	
Provisions	
Provisions for pensions and other post-employment benefits	Benefit obligation method
Other 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 20 German and 146 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 that are included in the consolidated financial statements were newly established, and three companies were included for the first time. Three companies were also closed down and one company was merged with another Group company.

Beiersdorf AG's Shareholdings

Germany

Name of the Company	Registered Office	Equity Interest (in %)
Allgemeine Immobilien- und Verwaltungsgesellschaft m.b.H.	Baden-Baden	100.0
La Prairie Group Deutschland GmbH	Baden-Baden	100.0
Produits de Beauté Logistik GmbH (formerly: Juvena La Prairie GmbH)	Baden-Baden	100.0
Produits de Beauté Produktions GmbH (formerly: Juvena Produits de Beauté GmbH)	Baden-Baden	100.0
Beiersdorf Manufacturing Berlin GmbH	Berlin	100.0
Beiersdorf Beteiligungs GmbH	Gallin	100.0
GUHL IKEBANA GmbH	Griesheim	10.0
Beiersdorf Customer Supply GmbH	Hamburg	100.0
Beiersdorf Hautpflege GmbH (formerly: Nivea Haus GmbH)	Hamburg	100.0
Beiersdorf Manufacturing Hamburg GmbH	Hamburg	100.0
Beiersdorf Shared Services GmbH	Hamburg	100.0
IKEBANA-Kosmetik GmbH	Hamburg	100.0
NOIMMO Erste Projekt GmbH & Co. KG	Hamburg	100.0
Phanex Handelsgesellschaft mbH	Hamburg	100.0
PROVISTA Achthundertdreiundvierzigste Verwaltungsgesellschaft mbH	Hamburg	100.0
Tape International GmbH	Hamburg	100.0
tesa Converting Center GmbH	Hamburg	100.0
tesa Grundstücksverwaltungsges. mbH & Co. KG	Hamburg	100.0
tesa SE	Hamburg	100.0
tesa Werk Hamburg GmbH	Hamburg	100.0
TRADICA Pharmazeutische GmbH	Hamburg	100.0
tWH GmbH	Hamburg	100.0
Ultra Kosmetik GmbH	Hamburg	100.0
tesa scribos GmbH	Heidelberg	100.0
Labtec Gesellschaft für technologische Forschung und Entwicklung mbH	Langenfeld	100.0
tesa-Werk Offenburg GmbH	Offenburg	100.0
tesa Etikettendruckerei GmbH	Stuttgart	100.0
Beiersdorf Manufacturing Waldheim GmbH	Waldheim	100.0
Florena Cosmetic GmbH	Waldheim	100.0

Europe

Name of the Company	Registered Office	Equity Interest (in %)
BEIERSDORF FINANCE SCS	BE, Brussels	100.00
SA Beiersdorf NV	BE, Brussels	100.00
SA tesa	BE, Brussels	100.00
Beiersdorf Bulgaria EOOD	BG, Sofia	100.00
tesa A/S	DK, Birkerød	100.00
Beiersdorf A/S	DK, Copenhagen	100.00
Beiersdorf OÜ	EE, Tallinn	100.00
Beiersdorf Oy	FI, Kaarina	100.00
tesa Oy	FI, Turku	100.00
La Prairie Group France S.A.S. (formerly: SODICOS S.A.S.)	FR, Boulogne-Billancourt	100.00
Beiersdorf Holding France Sarl	FR, Paris	100.00
Beiersdorf s.a.s.	FR, Paris	99.89
tesa s.a.s.	FR, Savigny-le-Temple	100.00
Beiersdorf Hellas AE	GR, Gerakas	100.00
tesa tape AE	GR, Gerakas	100.00
BDF Medical Ltd.	GB, Birmingham	100.00
Beiersdorf UK Ltd.	GB, Birmingham	100.00
La Prairie (UK) Limited	GB, London	100.00
tesa UK Ltd.	GB, Milton Keynes	100.00
Beiersdorf Ireland Ltd.	IRL, Dublin	100.00
Beiersdorf ehf	IS, Reykjavik	100.00
Comet SpA	IT, Concagno Solbiate	100.00
Beiersdorf SpA	IT, Milan	100.00
La Prairie S.p.A.	IT, Milan	100.00
tesa SpA	IT, Vimodrone	100.00
Beiersdorf d.o.o.	HR, Zagreb	100.00
SIA Beiersdorf	LV, Riga	100.00
Beiersdorf UAB	LT, Vilnius	100.00
Beiersdorf Macedonia DOOEL	MK, Skopje	100.00
Guhl Ikebana Cosmetics B.V.	NL, Amsterdam	10.00
Beiersdorf Holding B.V.	NL, Baarn	100.00
Beiersdorf NV	NL, Baarn	100.00
tesa BV	NL, Hilversum	100.00
Beiersdorf AS	NO, Oslo	100.00
tesa AS	NO, Oslo	100.00
Beiersdorf CEE Holding GmbH	AT, Vienna	100.00
Beiersdorf Ges mbH	AT, Vienna	100.00
La Prairie Group Austria GmbH (formerly: Juvena Produits de Beauté GmbH)	AT, Vienna	100.00
tesa GmbH	AT, Vienna	100.00
Beiersdorf Manufacturing Poznan Sp. z.o.o.	PL, Poznań	100.00
NIVEA Polska sp. z o.o.	PL, Poznań	100.00
tesa tape Sp. z.o.o	PL, Poznań	100.00
Beiersdorf Portuguesa, Limitada	PT, Queluz	100.00
tesa Portugal – Produtos Adhesivos, Lda.	PT, Queluz	100.00

Europe (continued)

Name of the Company	Registered Office	Equity Interest (in %)
Beiersdorf Romania SRL	RO, Bucharest	100.00
tesa tape SRL	RO, Cluj-Napoca	100.00
Beiersdorf LLC	RU, Moscow	100.00
tesa tape OOO	RU, Moscow	100.00
Beiersdorf Aktiebolag	SE, Gothenburg	100.00
Beiersdorf Nordic Holding AB	SE, Gothenburg	100.00
tesa AB	SE, Kungsbacka	100.00
tesa Bandfix AG	CH, Bergdietikon	100.00
tesa tape Schweiz AG	CH, Bergdietikon	100.00
Beiersdorf AG	CH, Reinach	100.00
La Prairie Group AG (formerly: Juvena (International) AG)	CH, Volketswil	100.00
Laboratoires La Prairie AG	CH, Volketswil	100.00
Beiersdorf d.o.o. Beograd	RS, Belgrade	100.00
Beiersdorf Slovakia, s.r.o.	SK, Bratislava	100.00
Beiersdorf d.o.o.	SI, Ljubljana	100.00
tesa tape posrednisto in trgovina d.o.o.	SI, Ljubljana	100.00
Beiersdorf Manufacturing Argentona, S.L.	ES, Argentona	100.00
tesa tape, S.A.	ES, Argentona	100.00
La Prairie Group Iberia S.A.U. (formerly: Produits de Beauté Juvena S.A.)	ES, Madrid	100.00
Beiersdorf Holding SL	ES, Tres Cantos	100.00
Beiersdorf Manufacturing Tres Cantos SL	ES, Tres Cantos	100.00
Beiersdorf SA	ES, Tres Cantos	100.00
Beiersdorf spol. s r.o.	CZ, Prague	100.00
tesa tape s.r.o.	CZ, Prague	100.00
EBC Eczacibasi-Beiersdorf Kozmetik Ürünler Sanayi ve Ticaret A.S.	TR, Istanbul	50.00
tesa Bant Sanayi ve Ticaret A.S.	TR, Istanbul	100.00
Beiersdorf Ukraine LLC	UA, Kiev	100.00
Beiersdorf Kft.	HU, Budapest	100.00
Tartsay Beruházó Kft.	HU, Budapest	99.66
tesa tape Ragasztószalag Termelö ès Kereskedelmi Kft.	HU, Budapest	100.00

Americas

Name of the Company	Registered Office	Equity Interest (in %)
Beiersdorf S.A.	AR, Buenos Aires	100.00
tesa tape Argentina S.R.L.	AR, Buenos Aires	99.75
Beiersdorf S.R.L.	BO, Santa Cruz de la Sierra	100.00
tesa Brasil Limitada	BR, Curitiba	100.00
Beiersdorf Industria e Comercio Ltda.	BR, Itatiba	100.00
BDF NIVEA LTDA.	BR, São Paulo	100.00
Beiersdorf China Ltd.	VG, Tortola	100.00
Beiersdorf S.A.	CL, Santiago de Chile	100.00
tesa tape Chile SA	CL, Santiago de Chile	100.00

Americas (continued)

Name of the Company	Registered Office	Equity Interest (in %)
BDF Costa Rica,S.A.	CR, San José	100.00
Beiersdorf, SRL	DO, Santo Domingo	100.00
Beiersdorf S.A.	EC, Quito	100.00
BDF El Salvador, S.A. de C.V.	SV, San Salvador	100.00
BDF Centroamérica, S.A.	GT, Guatemala City	100.00
tesa tape Centro America S.A.	GT, Guatemala City	100.00
Beiersdorf Canada Inc.	CA, Saint-Laurent	100.00
Beiersdorf S.A.	CO, Bogotá	100.00
tesa Tape Colombia Ltda	CO, Santiago de Cali	100.00
BDF Corporativo, S.A. de C.V.	MX, Mexico City	100.00
BDF México, S.A. de C.V.	MX, Mexico City	100.00
Technical Tape Mexico SA de CV	MX, Mexico City	100.00
tesa tape Mexico SRL de CV	MX, Mexico City	100.00
BDF Panamá S.A.	PA, Panamá City	100.00
HUB LIMITED S.A.	PA, Panamá City	100.00
Beiersdorf S.A.	PY, Asunción	100.00
Beiersdorf S.A.C.	PE, Lima	99.81
Beiersdorf S.A.	UY, Montevideo	100.00
Beiersdorf S.A.	VE, Caracas	100.00
tesa tape inc.	US, Charlotte, NC	100.00
LaPrairie.com LLC	US, Edison, NJ	100.00
La Prairie, Inc.	US, New York City, NY	100.00
Beiersdorf, Inc.	US, Wilton, CT	100.00
Beiersdorf North America Inc.	US, Wilton, CT	100.00

Africa/Asia/Australia

Name of the Company	Registered Office	Equity Interest (in %)
Beiersdorf Australia Ltd	AU, North Ryde, NSW	100.0
La Prairie Group Australia Pty. Ltd.	AU, North Ryde, NSW	100.0
tesa tape Australia Pty. Ltd.	AU, Sydney, NSW	100.0
Beiersdorf Daily Chemical (Guangzhou) Co., Ltd. (formerly: Guangzhou C-BONS Chemical Commodity Co. Ltd.)	CN, Guangzhou	100.0
tesa tape (Hong Kong) Ltd.	CN, Hong Kong	100.0
La Prairie (Shanghai) Co. Ltd.	CN, Shanghai	100.0
NIVEA (Shanghai) Company Limited	CN, Shanghai	100.0
tesa (Shanghai) Trading Co. Ltd.	CN, Shanghai	100.0
tesa tape (Shanghai) Co., Ltd.	CN, Shanghai	100.0
tesa plant (Suzhou) Co. Ltd.	CN, Suzhou	100.0
Beiersdorf Daily Chemical (Wuhan) Co., Ltd. (formerly: C-BONS Cosmetics Chemical (Wuhan) Co. Ltd.)	CN, Wuhan	100.0
Beiersdorf Daily Chemical (Hubei) Co., Ltd. (formerly: Hubei C-BONS Daily Chemical Co., Ltd.)	CN, Xiantao	100.0
Beiersdorf India Pvt. Limited	IN, Mumbai	51.0

Africa/Asia/Australia (continued)

Name of the Company	Registered Office	Equity Interest (in %)
Nivea India Pvt. Ltd.	IN, Mumbai	100.0
tesa Tapes (India) Private Limited	IN, Navi Mumbai	100.0
P.T. Beiersdorf Indonesia	ID, Jakarta	80.0
Beiersdorf Holding Japan Yugen Kaisha	JP, Tokyo	100.0
La Prairie Japan K.K.	JP, Tokyo	100.0
Nivea-Kao Co., Ltd.	JP, Tokyo	60.0
tesa tape K.K.	JP, Tokyo	100.0
Beiersdorf East Africa Limited	KE, Nairobi	100.0
La Prairie Korea Ltd	KR, Seoul	100.0
NIVEA Seoul Ltd.	KR, Seoul	100.0
tesa tape Korea Ltd.	KR, Seoul	100.0
tesa tape (Malaysia) Sdn. Bhd.	MY, Kajang	100.0
tesa tape Industries (Malaysia) Sdn. Bhd.	MY, Kajang	99.9
Beiersdorf (Malaysia) SDN. BHD.	MY, Petaling Jaya	100.0
Medical-Latex (DUA) SDN. BHD.	MY, Senai	100.0
Beiersdorf S.A.	MA, Casablanca	100.0
tesa tape New Zealand Ltd.	NZ, Auckland	100.0
Beiersdorf Singapore Pte Limited	SG, Singapore	100.0
Singapore Plastic Products Pte. Ltd.	SG, Singapore	100.0
tesa Plant (Singapore) Pte. Ltd.	SG, Singapore	100.0
tesa tape Asia Pacific Pte. Ltd.	SG, Singapore	100.0
Beiersdorf Consumer Products (Pty.) Ltd.	SA, Westville	100.0
NIVEA (Taiwan) Ltd.	TW, Taipei	100.0
Beiersdorf (Thailand) Co., Ltd.	TH, Bangkok	100.0
tesa tape (Thailand) Limited	TH, Bangkok	90.1
Beiersdorf Middle East FZCO	AE, Dubai	100.0
Beiersdorf Vietnam LLC	VN, Ho Chi Minh City	100.0

Significant Acquisitions in 2011

No significant acquisitions took place in the Beiersdorf Group in the year under review.

Significant Divestments in 2011

On February 28, 2011, Beiersdorf sold the JUVENA and Marlies Möller brands and the related businesses to Troll Cosmetics GmbH, Schwarzach (Austria) as part of its package of investments and measures. The brands belonged to the La Prairie Group and were assigned to the Consumer business segment. They generated sales of €23 million in 2010.

Significant Acquisitions/ Divestments in 2010

No significant acquisitions or divestments took place in the Beiersdorf Group in the previous year.

Notes to the Income Statement

01 Sales

Sales amounted to €5,633 million in fiscal year 2011 (previous year: €5,571 million). A breakdown of sales and their development by business segment and region can be found in the segment reporting. Since fiscal year 2011, expenses for consideration payable to trading partners have been deducted from sales in those cases in which the consideration is not matched by a distinct product or service supplied whose fair value can be estimated reliably. The prior-year figures have been adjusted accordingly. The reasons for the adjustment of the sales presentation format and the resulting effects are explained in the section entitled "Changes in Accounting Policies."

02 Marketing and Selling Expenses

Marketing and selling expenses were €2,454 million (previous year: €2,336 million). The item includes expenditure on advertising, retail (point of sale) marketing, and similar items amounting to €1,422 million (previous year: €1,343 million).

03 General and Administrative Expenses

General and administrative expenses amounted to €291 million in the past fiscal year (previous year: €278 million), up 4.7% compared with the previous year. This item comprises personnel expenses and other administration costs, as well as the cost of external services that are not allocated internally to other functions.

04 Other Operating Income

(in € million)

	2010	2011
Income from the reversal of provisions	32	87
Gains on disposal of other assets	2	14
Gains on disposal of non-current assets	3	1
Miscellaneous other income	49	56
	86	**158**

Income from the reversal of provisions was due among other things to the discontinuation of antitrust proceedings without any fines being levied, and the reassessment of patent risks, and personnel-related provisions. Gains on the disposal of other assets include income from the sale of the JUVENA and Marlies Möller brands, among other things. Miscellaneous other income includes prior-period income and income from the reversal of valuation allowances on receivables, among other things.

05 Other Operating Expenses

(in € million)

	2010	2011
Amortization and impairment of intangible assets	92	138
Restructuring expenses	36	118
Exchange losses on operating activities	37	16
Losses on disposal of non-current assets	2	2
Miscellaneous other expenses	125	101
	292	**375**

Amortization and impairment of intangible assets include impairment losses of €134 million (previous year: €79 million). Restructuring expenses primarily relate to personnel expenses incurred during the realignment of the company's structures and processes. This realignment entails expenses amounting to €125 million of which €65 million relate to fiscal year 2011. The item also includes expenses of €29 million linked to the closure of the production facility in Baden-Baden (Germany). Miscellaneous other expenses include additions to provisions for litigation and other risks, as well as miscellaneous other operating expenses.

Exchange losses on operating activities include a loss of €8 million (previous year: €2 million) representing the net loss on the fair value measurement of derivative financial instruments that were previously recognized in other comprehensive income.

06 Financial Result

(in € million)

	2010	2011
Interest income	19	31
Interest expense	–13	–19
Net pension result	–6	–2
Other financial result	–30	–1
	–30	**9**

Interest income primarily results from the “cash and cash equivalents,” “securities” and “non-current financial assets/securities” positions. Interest expense primarily results from financial liabilities. Net pension result nets the interest expense on pension as well as other entitlements acquired in previous years 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.

Gains of €9 million (previous year: €0 million) were recognized on the sale of securities assigned to the “available for sale” category in the year under review. Of this amount, €8 million had been recognized in other comprehensive income in the previous year. No other material gains or losses in this category were recognized in other comprehensive income in the year under review or in the previous year. No gains or losses were incurred in the “at fair value through profit or loss” category (previous year: loss of €1 million). The net gains on “held to maturity” financial assets amounted to €18 million (previous year: €9 million).

07 Income Taxes

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

(in € million)

	2010	2011
Current income taxes		
Germany	88	47
International	157	145
	245	**192**
Deferred taxes	**–18**	**–11**
	227	**181**

The deferred tax assets recognized in the balance sheet include €4 million (previous year: €0 million) recognized in other comprehensive income.

Deferred taxes are not recognized for retained earnings at foreign affiliates, 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 €9 million (previous year: €7 million) were recognized in the year under review.

No deferred tax assets have been recognized for tax loss carryforwards and unused tax credits of €245 million (previous year: €186 million). Of this amount, €16 million (previous year: €56 million) can be carried forward without restriction; the remaining amount can be carried forward for a limited period of, in most cases, longer than five years.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits. Given the positive assessments of future business development, it is assumed there is a reasonable probability that future taxable income will be sufficient to allow utilization of the deferred tax assets.

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, 2010	**Dec. 31, 2011**	Dec. 31, 2010	**Dec. 31, 2011**
Non-current assets	43	45	73	63
Inventories	21	28	–	–
Receivables and other current assets	10	11	17	15
Provisions for pensions and other post-employment benefits	3	3	105	115
Other provisions	36	34	14	27
Liabilities	36	50	17	17
Retained earnings	–	–	7	9
Loss carryforwards	5	14	–	–
	154	**185**	**233**	**246**
Offset deferred taxes	–78	–98	–78	–98
Deferred taxes recognized in the balance sheet	**76**	**87**	**155**	**148**

Calculation of the Actual Tax Expense

Given an effective tax rate of 41.2%, the actual tax expense is €57 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 28.3% (previous year: 28.5%).

The following table shows the reconciliation of expected to actual tax expense:

Actual Tax Expense (in € million)

	2010	**2011**
Expected tax expense given a tax rate of 28.3% (previous year: 28.5%)	158	124
Prior-year taxes	18	2
Tax deductions due to tax-free income	–1	–19
Tax increase due to non-deductible impairment loss on goodwill	14	25
Tax increases due to other non-deductible expenses	34	28
Tax decreases due to the utilization/ recognition of previously unrecognized tax loss carryforwards	–4	–8
Tax increases due to the non-recognition of tax loss carryforwards	19	22
Other tax effects	–11	7
Actual tax expenses	**227**	**181**

08 Profit Attributable to Non-controlling Interests

€9 million of profit after tax is attributable to non-controlling interests (previous year: €8 million). As of the reporting date, non-controlling shareholders primarily hold interests in Nivea-Kao Co., Ltd., Japan, P.T. Beiersdorf Indonesia, and Beiersdorf India Limited.

09 Basic/Diluted Earnings per Share

Earnings per share for 2011 amounted to €1.10 (previous year: €1.40). The basis for the calculation is the profit after tax excluding profit attributable to non-controlling 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.

10 Other Disclosures

Cost of Materials

The cost of raw materials, consumables, and supplies, and of purchased goods and services, amounted to €1,437 million (previous year: €1,370 million).

Personnel Expenses

(in € million)

	2010	2011
Wages and salaries	794	808
Social security contributions and other benefits	106	116
Pension expenses	74	76
	974	**1,000**

Employees

The breakdown of employees by function is as follows:

Employees (as of Dec. 31)

	2010	2011
Production	6,180	5,143
Marketing and sales	8,607	8,254
Other functions	4,341	4,269
	19,128	**17,666**

Average Number of Employees During the Year

	2010	2011
Production	6,424	5,382
Marketing and sales	9,734	8,378
Other functions	4,361	4,368
	20,519	**18,128**

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

Notes to the Balance Sheet

11 Intangible Assets

(in € million)

	Finite-lived intangible assets	Indefinite-lived intangible assets	Goodwill	Total
Cost				
Opening balance Jan. 1, 2010	**368**	**151**	**190**	**709**
Currency translation adjustment	8	–	16	24
Additions	5	–	–	5
Disposals	–2	–	–	–2
Transfers	2	–	–	2
Closing balance Dec. 31, 2010	**381**	**151**	**206**	**738**
Amortization/impairment losses				
Opening balance Jan. 1, 2010	**321**	**–**	**6**	**327**
Currency translation adjustment	5	–	1	6
Additions	22	23	56	101
Disposals	–2	–	–	–2
Transfers	–	–	–	–
Closing balance Dec. 31, 2010	**346**	**23**	**63**	**432**
Carrying amount Dec. 31, 2010	**35**	**128**	**143**	**306**
Cost				
Opening balance Jan. 1, 2011	**381**	**151**	**206**	**738**
Currency translation adjustment	2	–	14	16
Additions	5	–	–	5
Disposals	–10	–	–	–10
Transfers	13	–	–13	–
Closing balance Dec. 31, 2011	**391**	**151**	**207**	**749**
Amortization/impairment losses				
Opening balance Jan. 1, 2011	**346**	**23**	**63**	**432**
Currency translation adjustment	1	–	5	6
Additions	15	33	101	149
Disposals	–10	–	–	–10
Transfers	13	–	–13	–
Closing balance Dec. 31, 2011	**365**	**56**	**156**	**577**
Carrying amount Dec. 31, 2011	**26**	**95**	**51**	**172**

The carrying amount of intangible assets decreased by €134 million compared with the previous year to €172 million (previous year: €306 million). The decrease is mainly due to the impairment losses on the Chinese hair care brands and on the goodwill for Beiersdorf Hair Care China (formerly C-BONS Hair Care).

The indefinite-lived intangible assets include the Chinese hair care brands that were acquired when the shares of the Beiersdorf Hair Care China Group 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 annual impairment test resulted in an adjustment of €33 million to the carrying amount, for a total of €95 million (previous year: €128 million). The impairment charge for the Beiersdorf Hair Care brands was based on the fair value less costs to sell approach derived from the relief from royalty method. Costs to sell were assumed to be 1% of the brand value. The calculation was based on a discount rate of 8.8% (previous year: 8.0%), a royalty rate of 5.0% (previous year: 5.0%), and a growth rate outside the planning horizon (growth discount) of 2.0% (previous year: 2.5%). The planning horizon was defined as eleven years, as the country is a growth market.

The goodwill primarily results from the acquisition of Beiersdorf Hair Care China and from the acquisition of Beiersdorf AG (Switzerland).

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. The goodwill arising from the acquisition of Beiersdorf Hair Care China was allocated to the China Group (NIVEA Shanghai and Beiersdorf Hair Care China) following the acquisition and was reassigned to Beiersdorf Hair Care China, as the newly defined cash-generating unit, following the revision of the business structures in the last fiscal year. The reallocation became necessary due to the focus on the skin care business and the resulting abandonment of the goal of achieving synergy effects from the China Group cash-generating unit.

As of the balance sheet date, the goodwill resulting from the acquisition of Beiersdorf Hair Care China declined to €0 million (previous year: €93 million) due to a €101 million impairment loss and negative exchange rate effects of €8 million. Goodwill for Beiersdorf AG (Switzerland) increased to €48 million (previous year: €46 million) due to currency translation effects.

The recoverable amounts of the cash-generating units were determined using cash flow projections based on the calculation of the value in use (Beiersdorf AG Switzerland) and the net realizable value, which was higher than the value in use (Beiersdorf Hair Care China). Costs to sell were assumed to be 1% of the enterprise value. The estimated future cash flows 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 eleven years for Beiersdorf Hair Care China. Cash flows outside the planning period are extrapolated using individual growth rates, taking relevant market information into account. A growth rate outside the planning horizon (growth discount) of 2.0% was used for Beiersdorf Hair Care China (previous year: 2.5%), while the figure for Beiersdorf AG (Switzerland) was 1.0% (previous year: 1.0%). The weighted average cost of capital after tax used to discount the estimated cash flows for Beiersdorf Hair Care China was 8.8% (previous year: 8.0%). The pre-tax discount rate used for Beiersdorf AG (Switzerland) was 5.73% (previous year: 8.0%).

Planning for the cash-generating units is based on assumptions regarding the significant estimation parameters. The latter included gross margins, discount rates, commodity price trends, market share, and growth rates. In the case of Beiersdorf AG (Switzerland), the Group assumes that, although changes in these parameters are possible in principle in line with reasonable estimates, the recoverable amount will exceed the carrying amount of the goodwill. If the actual performance of the Chinese business is lower or higher than outlined above, it may be necessary to charge additional impairment losses or reversals of impairment losses on the goodwill of Beiersdorf Hair Care China in the future.

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.

12 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, 2010	**651**	**724**	**474**	**39**	**1,888**
Currency translation adjustment	26	16	16	1	59
Additions	7	27	37	20	91
Disposals	–6	–18	–28	–2	–54
Transfers	7	29	–2	–36	–2
Closing balance Dec. 31, 2010	**685**	**778**	**497**	**22**	**1,982**
Depreciation and impairment losses					
Opening balance Jan. 1, 2010	**335**	**487**	**341**	**–**	**1,163**
Currency translation adjustment	10	7	11	–	28
Additions	21	48	51	–	120
Disposals	–3	–13	–29	–	–45
Transfers	–	–	–	–	–
Closing balance Dec. 31, 2010	**363**	**529**	**374**	**–**	**1,266**
Carrying amount Dec. 31, 2010	**322**	**249**	**123**	**22**	**716**
Cost					
Opening balance Jan. 1, 2011	**685**	**778**	**497**	**22**	**1,982**
Currency translation adjustment*	–18	–18	–8	–1	–45
Additions	3	15	38	25	81
Disposals*	–27	–17	–36	–3	–83
Transfers	2	4	7	–13	0
Closing balance Dec. 31, 2011	**645**	**762**	**498**	**30**	**1,935**
Depreciation and impairment losses					
Opening balance Jan. 1, 2011	**363**	**529**	**374**	**–**	**1,266**
Currency translation adjustment**	–11	–12	–7	–	–30
Additions	28	50	46	–	124
Disposals**	–14	–13	–33	–	–60
Transfers	–	–3	3	–	–
Closing balance Dec. 31, 2011	**366**	**551**	**383**	**–**	**1,300**
Carrying amount Dec. 31, 2011	**279**	**211**	**115**	**30**	**635**
* Of which from reclassification to non-current assets and disposal groups held for sale.	–45	–22	–13	–	–80
** Of which from reclassification to non-current assets and disposal groups held for sale.	–25	–18	–12	–	–55

The carrying amounts of property, plant, and equipment amounted to €635 million (previous year: €716 million). Investments in property, plant, and equipment totaled €81 million (previous year: €91 million). Depreciation and impairment losses amounted to €124 million (previous year: €120 million). No impairment losses were reversed in the year under review.

13 Inventories

(in € million)

	2010	2011
Raw materials, consumables, and supplies	124	131
Work in progress	36	43
Finished goods and merchandise	467	518
Advance payments	5	7
	632	**699**

Inventories increased by €67 million compared with the previous year to €699 million, €126 million of which (previous year: €108 million) was carried at net realizable value. Write-downs of inventories amounted to €47 million as of the reporting date (previous year: €54 million).

14 Trade Receivables

(in € million)

			Of which not individually impaired and past due in the following time buckets				
2010	Carrying amount	Of which neither individually impaired amount nor past due	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	1,001	895	49	7	–	1	5
2011							
Trade receivables	**1,019**	**917**	**60**	**2**	**–**	**–**	**1**

The trade receivables are classified as “loans and receivables” in accordance with IAS 39. Write-downs of doubtful receivables entail a substantial degree of estimates and assessments of individual receivables, which are based on the credit quality of the individual customers, current economic developments, and analyses of historical defaults. The following changes in specific valuation allowances on trade receivables were recorded:

(in € million)

	2010	2011
as of Jan. 1	**14**	**16**
Additions	8	11
Utilized	–2	–2
Reversals	–5	–8
Currency translation adjustment	1	–
as of Dec. 31	**16**	**17**

15 Securities

In total, Beiersdorf has invested €1,387 million in government and corporate bonds, commercial paper, money market funds, and near-money market retail funds (previous year: €1,132 million). All bonds are listed. In contrast to the previous year's financial statements, securities that are not expected to be realized within 12 months as of the reporting date are presented as non-current assets. The changes were made retroactively and led to an adjustment being made to the financial information for the previous year. Owing to this change, non-current (current) assets rose (fell) by €428 million as of December 31, 2010. Securities with a carrying amount of €712 million (previous year: €704 million) are expected to be realized within 12 months after the reporting date; securities with a carrying amount of €675 million (previous year: €428 million) are expected to be realized more than 12 months after the reporting date. 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. Please refer to Note 29 "Additional Disclosures on Financial Instruments."

16 Cash and Cash Equivalents

(in € million)

	2010	2011
Cash	936	911
Cash equivalents	37	30
	973	**941**

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."

17 Non-current Assets and Disposal Groups Held for Sale

In fiscal year 2011, the production facility in Wilton (USA) and the facility in Münchenstein (Switzerland) were classified as "non-current assets and disposal groups held for sale" (€20 million). The sales are scheduled to be completed in fiscal year 2012. The non-current assets and disposal groups held for sale are attributable to the Consumer business segment and do not represent discontinued operations at the level of the Beiersdorf Group. As of December 31, 2011, there was no debt directly associated with the non-current assets and disposal groups held for sale.

18 Capital Management Disclosures

Beiersdorf aims to sustainably secure its capital base and generate an appropriate return on its invested capital. As of December 31, 2011, the equity ratio was 57% (previous year: 57%), while the EBIT return on average net operating capital was 43% (previous year: 48%). The total dividends distributed in fiscal year 2011 amounted to €168 million (previous year: €166 million). In the case of the dividend of €159 million (previous year: €159 million) paid by Beiersdorf AG, this corresponds to a distribution of €0.70 per no-par value share carrying dividend rights (previous year: €0.70).

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 April 29, 2010, authorized the Executive Board, with the approval of the Supervisory Board, to increase the share capital in the period until April 28, 2015, by up to a total of €92 million (Authorized Capital I: €42 million; Authorized Capital II: €25 million; Authorized Capital III: €25 million) by issuing new bearer shares on one or several occasions. In this context, the dividend rights for new shares may be determined by a different method than that set out in § 60 (2) *Aktiengesetz* (German Stock Corporation Act, *AktG*).

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

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

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

3. if the total amount of share capital attributable to the new shares for which preemptive rights are to be disapplied does not exceed 10% of the share capital existing at the time this authorization comes into effect or, in the event that this amount is lower, at the time the new shares are issued and the issue price is not materially lower than the quoted market price of the existing listed shares at the time when the issue price is finalized, which should be as near as possible to the time the shares are placed. In the context of the restriction of this authorization to a total of 10% of the share capital, those shares must be included for which the preemptive rights of shareholders have been disapplied since April 29, 2010, in accordance with § 186 (3) sentence 4 *AktG* when the authorization to sell own shares is utilized and/or when the authorization to issue convertible bonds and/or bonds with warrants is utilized (Authorized Capital II);

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

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

21 Contingent Capital

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

1. the holders or creditors of conversion and/or option rights attached to convertible bonds and/or bonds with warrants issued in the period until April 28, 2015, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, choose to exercise their conversion or option rights, or

2. the holders or creditors of convertible bonds giving rise to a conversion obligation issued in the period until April 28, 2015, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, comply with such obligation, and the contingent capital is required for this in accordance with the terms and conditions of the bonds.

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

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

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.

24 Accumulated Other Consolidated Income

Currency Translation Adjustment

The currency translation adjustment equity account serves to recognize differences resulting from the translation of the financial statements of affiliates that do not have the euro as their functional currency.

Differences from the Fair Value Measurement of Financial Instruments

The equity account for the fair value measurement of financial instruments contains the changes in the fair value of financial derivatives designated as hedging instruments of €–9 million (previous year: €–5 million), and the changes in the fair value of available-for-sale financial instruments of €1 million (previous year: €5 million), which are recognized in other comprehensive income after deduction of deferred taxes.

25 Non-controlling Interests

The non-controlling interests primarily exist at Nivea-Kao Co., Ltd., Japan, P.T. Beiersdorf Indonesia, and Beiersdorf India Pvt. 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.

The expenses for defined benefit plans and the present value of pension commitments are calculated on the basis of actuarial computations. In Germany, calculations are based on Heubeck's 2005 mortality tables, and internationally they are based on locally recognized mortality tables. The appropriate discount rate is determined using the yields of corporate bonds with an AA rating denominated in the relevant currency. The discount rate for Germany of 5.25% (previous year: 5.25%) was determined at the year-end on the basis of the information available at that time. 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 corridor method. Defined benefit obligations react extremely sensitively to changes in these assumptions due to the complexity of measurement, the underlying assumptions, and their long-term nature. All assumptions are reviewed at each reporting date. There was no 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 %)

	2010		**2011**	
	Germany	Other countries	**Germany**	**Other countries**
Discount rates	5.25	2.00 – 10.00	5.25	2.00 – 7.50
Expected return on plan assets	5.00	2.40 – 8.10	5.00	1.50 – 8.00
Projected wage and salary growth	3.00 – 3.50	2.00 – 10.00	3.00 – 3.50	1.50 – 8.00
Projected pension growth	1.75 – 2.00	0.25 – 3.30	1.75 – 2.00	0.10 – 3.10
Projected staff turnover	2.00 – 4.50	0.30 – 10.00	2.00 – 4.50	0.30 – 13.30

These parameters also apply to the 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.

Pensions Benefit Expenses (in € million)

	2010			2011		
	Germany	Other countries	Group	**Germany**	**Other countries**	**Group**
Current service cost	13	9	22	15	10	25
Past service cost	–	–	–	1	–	1
Effects of curtailments and settlements	–	–	–	–	–	–
Defined benefit expense (EBIT)	**13**	**9**	**22**	**16**	**10**	**26**
Interest expense	37	9	46	37	9	46
Expected return on plan assets	–30	–10	–40	–31	–10	–41
Amortization of actuarial gains (–) and losses (+)	–6	6	–	–4	1	-3
Net interest income for defined benefit plans	**1**	**5**	**6**	**2**	**–**	**2**
Total expenses for defined benefit plans	**14**	**14**	**28**	**18**	**10**	**28**
Defined contribution expense (EBIT)	32	20	52	32	18	50
Total pension benefit expense	**46**	**34**	**80**	**50**	**28**	**78**

The defined benefit and defined contribution expenses are included in the costs of the respective functions. Defined contribution expenses also 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 under net interest income. Contributions totaling €11 million (previous year: €9 million) are expected to be made to the plan during the upcoming year, while payments for pension obligations are expected to be slightly above the prior-year level (€53 million).

Change in the Present Value of Defined Benefit Obligations (in € million)

	2010			2011		
	Germany	Other countries	Group	Germany	Other countries	Group
Present value of defined benefit obligations, opening balance	669	192	861	736	219	955
Current service cost	13	9	22	15	10	25
Interest expense	37	9	46	37	9	46
Actuarial gains (–) and losses (+)	48	11	59	–4	–1	–5
Contributions by plan participants	3	3	6	4	3	7
Pensions benefits paid	–36	–17	–53	–37	–16	–53
Currency translation adjustment	–	15	15	–	4	4
Other changes	2	–3	–1	1	–3	–2
Present value of defined benefit obligations, closing balance	**736**	**219**	**955**	**752**	**225**	**977**

Funding Status of Present Value of Defined Benefit Obligations (in € million)

	2010			2011		
	Germany	Other countries	Group	Germany	Other countries	Group
Partly or wholly funded defined benefit obligations	730	198	928	747	204	951
Unfunded defined benefit obligations	6	21	27	5	21	26
Present value of defined benefit obligations	**736**	**219**	**955**	**752**	**225**	**977**

Changes in Plan Asset Fair Value (in € million)

	2010			2011		
	Germany	Other countries	Group	Germany	Other countries	Group
Fair value of plan assets, opening balance	613	167	780	634	194	828
Expected return on plan assets	30	10	40	31	10	41
Actuarial gains (+) and losses (–)	–7	5	–2	–68	5	–63
Actual return on plan assets	**23**	**15**	**38**	**–37**	**15**	**–22**
Employer contributions	1	11	12	6	10	16
Contributions by plan participants	–	3	3	2	3	5
Pension benefits paid	–7	–16	–23	–7	–13	–20
Currency translation adjustment	–	14	14	–	4	4
Other changes	4	–	4	–	–2	–2
Fair value of plan assets, closing balance	**634**	**194**	**828**	**598**	**211**	**809**

Categories of Plan Asset Fair Value (in € million)

	2010			2011		
	Germany	Other countries	Group	**Germany**	**Other countries**	**Group**
Equity instruments	248	87	335	219	66	285
Debt instruments	355	86	441	349	113	462
Real estate	26	9	35	30	13	43
Cash and cash equivalents	5	10	15	–	11	11
Other	0	2	2	–	8	8
Fair value of plan assets	**634**	**194**	**828**	**598**	**211**	**809**

Recognized Provisions for Pensions and Other Post-employment Benefits (in € million)

	2007	2008	2009	2010	**2011**
Present value of defined benefit obligations	835	802	861	955	977
Fair value of plan assets	–793	–755	–780	–828	–809
Net obligation	**42**	**47**	**81**	**127**	**168**
Net cumulative unrecognized actuarial gains (+) and losses (–)	222	178	130	73	3
Amounts not recognized due to asset ceiling	4	1	0	0	5
Other recognized amounts	7	9	10	9	14
Recognized provisions for pensions and other post-employment benefits	**275**	**235**	**221**	**209**	**190**

27 Other Provisions

(in € million)

	Personnel expenses	Marketing and selling expenses	Restruc-turing	Miscellaneous	**Total**
Opening balance Jan. 1, 2011	**161**	**150**	**54**	**238**	**603**
Of which non-current	38	1	1	77	117
Currency translation adjustment	1	3	1	–1	4
Additions	113	106	86	123	428
Utilized	105	118	35	56	314
Reversals	10	8	6	63	87
Closing balance Dec. 31, 2011	**160**	**133**	**100**	**241**	**634**
Of which non-current	34	1	1	71	107

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 additions to restructuring provisions relate primarily to provisions in connection with the restructuring measures to optimize the regional structures in the Consumer Business Segment. The miscellaneous other 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)

	2010			2011		
		Contractual maturities			Contractual maturities	
	Carrying amount Dec. 31	2012–2015	After 2015	Carrying amount Dec. 31	2013–2016	After 2016
Non-current financial liabilities	6	6	2	5	4	1
Non-current derivative financial instruments	2	2	–	–	–	–
Other non-current liabilities	5	3	3	4	2	2
	13	**11**	**5**	**9**	**6**	**3**

The following table gives a breakdown of current liabilities:

(in € million)

	2010	2011
Trade payables (OFL)	**863**	**946**
Other current financial liabilities	**135**	**172**
Other financial liabilities (OFL)	115	148
Negative fair value of derivatives (DFI)	20	24
Other current liabilities	**71**	**78**
Other tax liabilities	57	61
Social security liabilities	10	11
Advance payments received	4	6
	1,069	**1,196**

Non-current financial liabilities include financial instruments of €5 million (previous year: €6 million) assigned to the “other financial liabilities” (OFL) category and an immaterial amount (previous year: €2 million) assigned to the “derivative financial instruments” (DFI) category.

Other financial liabilities primarily relate to short-term bank loans amounting to €84 million (previous year: €67 million) as well as other financial obligations in the amount of €64 million (previous year: €48 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)

2010	Carrying amount Dec. 31	Measurement category under IAS 39: Amortized cost	Fair value recognized in OCI	Fair value through profit or loss	**Fair value Dec. 31**
Assets					
Loans and receivables (LaR)	*2,036*	*2,036*	–	–	*2,036*
Non-current financial assets	5	5	–	–	5
Trade receivables	1,001	1,001	–	–	1,001
Other current financial assets	57	57	–	–	57
Cash and cash equivalents	973	973	–	–	973
Available-for-sale financial assets (AfS)	*241*	*5*	*236*	–	*241*
Non-current financial assets	5	5	–	–	5
Securities	*236*	–	*236*	–	*236*
Held-to-maturity financial investments (HtM)	*896*	*896*	–	–	*896*
Securities	896	896	–	–	896
Derivative financial instruments used for hedges (DFI)	*15*	–	*9*	*6*	*15*
Equity and liabilities					
Other financial liabilities (OFL)	*984*	*984*	–	–	*984*
Non-current financial liabilities	6	6	–	–	6
Trade payables	863	863	–	–	863
Other current financial liabilities	115	115	–	–	115
Derivative financial instruments used for hedges (DFI)	*22*	–	*17*	*5*	*22*

2011	Carrying amount Dec. 31	Amortized cost	Fair value recognized in OCI	Fair value through profit or loss	**Fair value Dec. 31**
Assets					
Loans and receivables (LaR)	*2,061*	*2,061*	–	–	*2,061*
Non-current financial assets	8	8	–	–	8
Trade receivables	1,019	1,019	–	–	1,019
Other current financial assets	93	93	–	–	93
Cash and cash equivalents	941	941	–	–	941
Available-for-sale financial assets (AfS)	*323*	*3*	*320*	–	*323*
Non-current financial assets	3	3	–	–	3
Securities	320	–	320	–	320
Held-to-maturity financial investments (HtM)	*1,067*	*1,067*	–	–	*1,067*
Securities	1,067	1,067	–	–	1,067
Derivative financial instruments used for hedges (DFI)	*13*	–	*9*	*4*	*13*
Derivative financial instruments not included in a hedging relationship (FVPL)	*7*	–	–	*7*	*7*
Equity and liabilities					
Other financial liabilities (OFL)	*1,099*	*1,099*	–	–	*1,099*
Non-current financial liabilities	5	5	–	–	5
Trade payables	946	946	–	–	946
Other current financial liabilities	148	148	–	–	148
Derivative financial instruments used for hedges (DFI)	*24*	–	*22*	*2*	*24*

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 and derivative financial instruments to fair value hierarchy level 2.

30 Contingent Liabilities and Other Financial Obligations

(in € million)

	2010	**2011**
Contingent liabilities		
Liabilities under bills	1	0
Liabilities under guarantees	1	2
Other financial obligations		
Obligations under rental and lease agreements:	95	106
– due within the next year	41	43
– due in 2 to 5 years	50	52
– due after more than 5 years	4	11
Obligations under purchase commitments:	25	63
– due within the next year	17	51
– due in 2 to 5 years	8	12

The aggregate nominal amount of the other financial obligations was €169 million (previous year: €120 million).

Our Brazilian entities received a notice of infringement from the tax authorities from the state of São Paulo demanding retroactive tax payments for the periods 2005 to 2009. State tax authorities allege that VAT on imports should have been paid in São Paulo State instead of the state of landing. In our understanding the notice of infringement is the result of a tax dispute between states within the Brazilian Federation. The dispute is still in the administrative sphere. Although we have complied with formal legislation, the outcome of this legal proceeding is uncertain and will depend on final decision of the Brazilian supreme court.

Beiersdorf has potential obligations arising from antitrust proceedings, among other things. To the extent that an outflow of resources embodying economic benefits is likely to be required to settle these obligations, provisions were established for the pending antitrust proceedings. However, no conclusive assessment of the risk from the Group perspective is possible at present.

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 portfolio 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 affiliates 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 eurozone, 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 (fair value hedges). Owing to these hedging activities, Beiersdorf is not exposed to any significant currency risks in its financing activities as of the balance sheet date. Gains and losses on these currency forwards are offset in full by gains and losses on the hedged items.

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. These transactions are recorded, measured, and managed centrally 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 non-derivative 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 €–4 million (previous year: €–7 million), and their notional value was €1,109 million (previous year: €892 million). €1,102 million (previous year: €858 million) of the forward contracts have a remaining maturity of up to one year, and €7 million (previous year: €34 million) have a remaining maturity of between one and two 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, 2011, the hedging reserves in equity and the fair values of the currency forwards would have increased by €30 million (previous year: €24 million) and the profit would have decreased by €8 million (previous year: €0 million). If it had depreciated by 10%, the hedging reserves in equity and the fair values of the currency forwards would have decreased by €37 million (previous year: €29 million) and the profit would have increased by €10 million (previous year: €0 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: €12 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 €3,471 million as of December 31, 2011 (previous year: €3,188 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 and the reporting to the Executive Board and the Supervisory Board. In order to show the global breakdown of business activities in the Beiersdorf Group, a classification by region is presented in addition to the operating segments.

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

Consolidated companies domiciled in Germany generated **sales** of €1,250 million in 2011 (previous year: €1,251 million) and reported **non-current assets** (not including financial instruments, deferred taxes, and plan assets) of €509 million (previous year: €540 million).

EBIT excluding special factors represents the operating result (EBIT), adjusted for non-operating one-off business transactions. A reconciliation of the operating result to EBIT excluding special factors is given in the section of the Group management report entitled “Results of Operations, Balance Sheet Structure, and Financial Position” .

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

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 €1,006 million (previous year: €1,215 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	2010	2011
Intangible assets	306	172
Property, plant, and equipment	716	635
Inventories	632	699
Trade receivables	1,001	1,019
Other receivables and other assets (operating portion)[1]	120	174
Gross operating capital	**2,775**	**2,699**
Gross non-operating assets	2,320	2,576
Total balance sheet assets	**5,095**	**5,275**

Equity and liabilities	2010	2011
Other provisions (operating portion)[2]	604	634
Trade payables	863	946
Other liabilities (operating portion)[3]	93	113
Operating liabilities	**1,560**	**1,693**
Equity	2,920	3,016
Non-operating liabilities	615	566
Total balance sheet equity and liabilities	**5,095**	**5,275**

[1] Not including tax receivables.
[2] Not including tax provisions.
[3] Not including tax liabilities.

Other Disclosures

Related Party Disclosures

The requirements of IAS 24 apply to key management personnel of the company, their immediate family members, as well as the companies they control. In the Beiersdorf Group, this concerns the members of the Executive and Supervisory Boards.

For fiscal year 2011, the members of the Supervisory Board received remuneration totaling €1,393 thousand (previous year: €1,390 thousand) and the members of the Executive Board received remuneration totaling €6,018 thousand (previous year: €4,466 thousand). €1,704 thousand (previous year: €1,043 thousand) of total Executive Board remuneration relates to long-term benefits. Additions to post-termination benefits amounted to €375 thousand (previous year: €468 thousand). Additions to benefits based on enterprise value performance amounted to €336 thousand (previous year: €0). For information on the principles of the system governing Executive and Supervisory Board remuneration and the amount of members' individual remuneration, please refer to the Remuneration Report in the Corporate Governance Report. The Remuneration Report forms part of the consolidated financial statements and the Group Management Report. Payments to former members of the Executive Board and their dependants totaled €2,394 thousand (previous year: €2,274 thousand). Provisions for pension commitments to former members of the Executive Board and their dependants totaled €26,256 thousand (previous year: €23,600 thousand).

With the exception of the remuneration disclosed in the Remuneration Report, there were no material transactions between the members of Beiersdorf AG's Executive Board or Supervisory Board and the companies of the Beiersdorf Group in the fiscal year. The same applies to the immediate family members of these persons.

Related Party Information

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 2011, as in the previous year, 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.

There was also limited additional collaboration in particular with respect to marketing campaigns and in the area of market research and quality control.

Exercise of Exemption Options

The following German affiliates included in the consolidated financial statements of Beiersdorf AG exercised the exemption option under § 264 (3) *Handelsgesetzbuch* (German Commercial Code, *HGB*) in fiscal year 2011:

- Beiersdorf Manufacturing Hamburg GmbH, Hamburg
- Beiersdorf Manufacturing Berlin GmbH, Berlin
- Florena Cosmetic GmbH, Waldheim
- La Prairie Group Deutschland GmbH, Baden-Baden
- Produits de Beauté Logistik GmbH, Baden-Baden
- Produits de Beauté Produktions GmbH, Baden-Baden
- Beiersdorf Shared Services GmbH, Hamburg
- Allgemeine Immobilien- und Verwaltungsgesellschaft mbH, Baden-Baden
- Phanex Handelsgesellschaft mbH, Hamburg

Declaration of Compliance with the German Corporate Governance Code

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

Audit

The Annual General Meeting on April 21, 2011, elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as the auditors of Beiersdorf AG and the Beiersdorf Group for fiscal year 2011.

The following table gives an overview of the total fee charged by the Group auditors, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, in the fiscal year:

Fees Paid to the Group Auditors (in € thousand)

	2010	**2011**
Audit services	975	1,048
Other assurance services	102	5
Tax advisory services	87	93
Other services	–	400
Total	**1,164**	**1,546**

Shareholdings of Beiersdorf AG

The complete list of Beiersdorf AG's shareholdings in accordance with § 313 (2) *HGB* is given under the "Consolidated Group, Acquisitions, and Divestments" section.

Shareholdings in Beiersdorf AG

Beiersdorf AG received the following notifications by shareholders of the company in accordance with the provisions of the *Wertpapierhandelsgesetz* (German Securities Trading Act, *WpHG*), by the preparation date of the balance sheet (February 7, 2012):

1.

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

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

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

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

The chains of controlled companies are as follows:

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

To clarify: The own shares held by Beiersdorf Aktiengesellschaft do not carry voting or dividend rights in accordance with § 71b *AktG*.

b) Voting right notification in accordance with § 21 (1) *WpHG* dated December 29, 2004.
The voting right notification issued on December 29, 2004, by maxingvest ag (which at the time traded under the name of Tchibo Holding AG) in accordance with § 21 (1) *WpHG* disclosed that Tchibo Beteiligungsgesellschaft mbH exceeded the 50% threshold for the first time when it acquired 20.10% of voting rights in Beiersdorf Aktiengesellschaft from Tchibo Holding AG, and that it held 50.46% (42,386,400 voting rights) in Beiersdorf Aktiengesellschaft as of December 22, 2004.

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

c) Voting right notification in accordance with § 21 (1) *WpHG* dated March 11, 2008.
E.H. Real Grundstücksverwaltungsgesellschaft mbH's voting right notification dated March 11, 2008, is hereby revoked.

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

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

Beiersdorf AG Boards

Honorary Chairman of the Company: Georg W. Claussen

Supervisory Board

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

Supervisory Board Committees

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

Executive Board*

Name	Function/Responsibilities		Memberships
Thomas-B. Quaas (until the end of the Annual General Meeting on April 26, 2012)	Chairman/CEO	Corporate Development/ Corporate Communications/ Internal Audit Japan, La Prairie Group	Chairman of the Supervisory Board: – tesa SE (intragroup) (until April 4, 2011) Member of the Supervisory Board: – Euler Hermes SA, France
Dr. Bernhard Düttmann (until February 9, 2011)	Finance/CFO	Finance/Controlling/Legal/IT/ Africa, Middle East, Turkey	Member of the Supervisory Board: – tesa SE (intragroup) (until February 9, 2011)
Peter Feld	Developed Markets	Europe/North America Regions	
Ralph Gusko (from July 1, 2011)	Brands & Supply Chain	Brand Management/Innovations/ Research & Development/ Sales Coordination/Procurement/ Production/Logistics	
Stefan F. Heidenreich (from January 1, 2012)	Chairman/CEO (from April 26, 2012, after the end of the Annual General Meeting)	Corporate Development/ Corporate Communications/ Internal Audit Japan, La Prairie Group	
Markus Pinger (until June 30, 2011)	Brands & Supply Chain	Brand Management/Innovations/ Research & Development/ Sales Coordination/Procurement/ Production/Logistics	
Dr. Ulrich Schmidt	Finance & Human Resources/CFO & CHRO	Finance/Controlling/Legal/IT/ Human Resources/ Labor Director	Chairman of the Supervisory Board: – tesa SE (intragroup) (from April 20, 2011)
Ümit Subaşi (from March 1, 2011)	Emerging Markets	Latin America, Africa, Middle East, India, Turkey, Russia/Ukraine/CIS	
James C. Wei (until December 31, 2011)	Asia	Northeast and Southeast Asia (excluding Japan), Australia	Member of the Board: – Li Ning Company Limited

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

Hamburg, February 7, 2012
Beiersdorf AG
The Executive Board

Auditors' Report 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, 2011. 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 8, 2012
Ernst & Young GmbH,
Wirtschaftsprüfungsgesellschaft

Opaschowski
German Public Auditor

Landsberg
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 material opportunities and risks associated with the expected development of the Group.

Hamburg, February 7, 2012

The Executive Board

Thomas-B. Quaas
Chairman of the Executive Board

Dr. Ulrich Schmidt
Member of the Executive Board

Stefan F. Heidenreich
Member of the Executive Board

Ralph Gusko
Member of the Executive Board

Peter Feld
Member of the Executive Board

Ümit Subaşi
Member of the Executive Board

Additional Information

Annual Financial Statements of Beiersdorf AG in Accordance with the *HGB* (Condensed)*

Income Statement – Beiersdorf AG (in € million)

	2010	2011
Sales	1,059	1,048
Other operating income	87	95
Cost of materials	–264	–243
Personnel expenses	–201	–201
Depreciation and amortization of property, plant, and equipment, and intangible assets	–50	–45
Other operating expenses	–503	–520
Operating result	**128**	**134**
Financial result	235	156
Result from ordinary activities	**363**	**290**
Extraordinary result	**–**	**–45**
Taxes on income	–74	–33
Profit after tax	**289**	**212**

Balance Sheet – Beiersdorf AG (in € million)

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

Equity and liabilities	Dec. 31, 2010	Dec. 31, 2011
Equity	**1,505**	**1,558**
Provisions for pensions and other post-employment benefits	405	408
Other provisions	258	273
Provisions	**663**	**681**
Liabilities to banks	–	5
Trade payables	43	52
Other liabilities	988	1,123
Liabilities	**1,031**	**1,180**
	3,199	**3,419**

* 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

[B]

Beiersdorf Hair Care China
New name for the Chinese hair care business acquired in 2007 (formerly known as C-BONS Hair Care).

[C]

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 of companies towards society, which encompasses economic, ecological, and social issues.

[D]

DAX – Deutscher Aktienindex
German equity index compiled by Deutsche Börse that tracks the share price performance of the 30 largest German listed 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 IFRS balance sheet, and for tax loss carryforwards.

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.

[E]

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.

[F]

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

[I]

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.

[M]

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.

[N]

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

[O]

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.

[P]

POS – Point of Sale
The place at which goods are bought (by the consumer) or sold (by the retailer).

[S]

Special Factors
One-time income or expenses that have a material effect on the Beiersdorf Group's overall earnings. These included impairment losses and expenses related to the package of measures and investments in the Consumer business segment.

Statement of Comprehensive Income
Reconciliation of income and expenses recognized in profit or loss and changes in other comprehensive income for the period, 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.

Index (1/4)

[A]

[B]

[C]

[D]

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[E]

[F]

[G]

[H]

[I–J]

Index (3/4)

Index (4/4)

Ten-year Overview

Ten-year Overview (in € million)
(unless otherwise stated)

		2002	2003[1]	2004	2005	2006[2]	2007[2]	2008[2]	2009[2]	2010[2/7]	2011[2]
Sales		**4,742**	**4,435**	**4,546**	**4,776**	**5,120**	**5,507**	**5,971**	**5,748**	**5,571**	**5,633**
Change against prior year	(in %)	4.4	–1.3	2.5	5.1	7.2	7.6	8.4	–3.7	7.8	1.1
Consumer[6]		4,049	3,739	3,840	4,041	4,327	4,661	5,125	5,011	4,698	4,696
tesa		693	696	706	735	793	846	846	737	873	937
Europe		3,410	3,329	3,388	3,498	3,717	3,909	4,090	3,767	3,450	3,414
Americas		819	638	635	687	738	782	832	851	932	993
Africa/Asia/Australia		513	468	523	591	665	816	1,049	1,130	1,189	1,226
EBITDA		**633**	**614**	**656**	**693**	**660**	**738**	**911**	**722**	**804**	**704**
Operating result (EBIT)		**472**	**455**	**483**	**531**	**477**	**616**	**797**	**587**	**583**	**431**
Profit before tax		**478**	**491**	**492**	**535**	**851**	**644**	**822**	**583**	**553**	**440**
Profit after tax		**290**	**301**	**302**	**335**	**668**	**442**	**567**	**380**	**326**	**259**
Return on sales (after tax)	(in %)	6.1	6.4	6.6	7.0	13.0	8.0	9.5	6.6	5.9	4.6
Earnings per share	(in €)	1.12	1.17	1.29	1.45	2.93	1.93	2.48	1.65	1.40	1.10
Total dividend – equity holders		118	121	121	129	136	159	204	159	159	159
Dividend per share	(in €)	0.47	0.53	0.53	0.57	0.60	0.70	0.90	0.70	0.70	0.70
Beiersdorf's shares – year-end closing price[5]		**35.37**	**32.07**	**28.53**	**34.64**	**49.12**	**53.00**	**42.00**	**45.93**	**41.53**	**43.82**
Market capitalization as of Dec. 31		8,912	8,081	7,190	8,736	12,378	13,356	10,584	11,574	10,466	11,043
Cost of materials		**1,205**	**1,149**	**1,113**	**1,147**	**1,229**	**1,285**	**1,453**	**1,199**	**1,369**	**1,437**
Personnel expenses		**863**	**808**	**804**	**840**	**889**	**889**	**922**	**947**	**974**	**1,000**
Research and development expenses		**93**	**97**	**101**	**109**	**118**	**127**	**149**	**149**	**152**	**163**
As % of sales		2.0	2.2	2.2	2.3	2.3	2.3	2.5	2.6	2.7	2.9
Employees as of Dec. 31		**18,183**	**18,664**	**16,492**	**16,769**	**17,172**	**21,101**	**21,766**	**20,346**	**19,128**	**17,666**
Intangible assets		128	94	58	34	30	357	398	382	306	172
Property, plant, and equipment		917	876	887	882	740	699	727	725	716	635
Non-current financial assets[8]		22	94	93	5	8	7	11	10	438	686
Inventories		677	629	558	536	548	598	634	561	632	699
Receivables and other assets[3/8]		832	789	815	967	940	1,123	2,085	2,149	2,030	2,122
Cash and cash equivalents		722	828	290	483	1,230	1,117	613	767	973	941
Equity		**1,727**	**1,831**	**1,033**	**1,293**	**1,790**	**2,070**	**2,460**	**2,636**	**2,920**	**3,016**
Liabilities		**1,571**	**1,479**	**1,668**	**1,614**	**1,706**	**1,831**	**2,008**	**1,958**	**2,175**	**2,259**
Provisions		808	790	776	752	809	781	729	750	812	824
Trade payables		293	293	308	369	485	573	690	699	863	946
Other financial liabilities		191	157	300	197	137	220	246	165	143	177
Other liabilities[4]		279	239	284	296	275	257	343	344	357	312
Total equity and liabilities		**3,298**	**3,310**	**2,701**	**2,907**	**3,496**	**3,901**	**4,468**	**4,594**	**5,095**	**5,275**
Equity ratio	(in %)	52	55	38	44	51	53	55	57	57	57

[1] Restated to reflect the new reporting structure (BSN medical at equity).
[2] Figures include special factors. For fiscal years 2010 and 2011 please refer to our disclosures on page 80 of the Group Management Report.
[3] Including non-current assets and disposal groups held for sale.
[4] Including liabilities associated with assets held for sale.
[5] Figures for 2001 to 2005 adjusted to the number of shares after the share split.
[6] Consumer figures for 2001 and 2002 include sales of the former cosmed and medical segments.
[7] The prior-year figures have been adjusted due to the amendment of the sales presentation format. See the disclosures in the section of the notes to the consolidated financial statements entitled "Changes in Accounting Policies."
[8] The figures for fiscal year 2010 have been adjusted.

Financial Calendar

2012

2012
April 26
↗
Annual General Meeting

2012
April 27
↗
Dividend Payment

2012
May 3
↗
Interim Report
January to March 2012

2012
August 2
↗
Interim Report
January to June 2012

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

2013

2013
January
↗
Publication of Preliminary
Group Results

2013
February/March
↗
Publication of Annual Report 2012,
Annual Accounts Press Conference,
Financial Analyst Meeting

2013
April 11
↗
Annual General Meeting

2013
May
↗
Interim Report
January to March 2013

2013
August
↗
Interim Report
January to June 2013

2013
November
↗
Interim Report
January to September 2013,
Financial Analyst Meeting

Contact Information

→ Published by

Beiersdorf Aktiengesellschaft
Unnastrasse 48
20245 Hamburg
Germany

→ Editorial Team and Concept

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

→ Additional Information

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

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

Beiersdorf on the Internet
www.Beiersdorf.com

→ Contributors

Design/Realization
Strichpunkt GmbH, Stuttgart
www.Strichpunkt-Design.de

Lithography
Bernd Opitz Photography, Hamburg

Printing
Dürmeyer GmbH, Hamburg

Photography
Bernd Opitz, Hamburg
Götz Wrage, Hamburg
Wolfgang Wilde, Hamburg
Getty Images

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The online version of the Annual Report as well as the Annual Financial Statements and the Management Report of Beiersdorf AG are available at **www.Beiersdorf.com/Annual_Report**.
The interim reports can be found at **www.Beiersdorf.com / Interim_Report**.

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Beiersdorf

Beiersdorf Aktiengesellschaft,
Unnastrasse 48, 20245 Hamburg, Germany
Telephone: +49 40 4909-0, Fax: +49 40 4909-3434
Internet: www.Beiersdorf.com