Information for Our Shareholders

# Q3

July – September 2008

Nine-Months Financial Report 2008

## A World of Customers

Henkel

Quality from Henkel

A Brand like a Friend

# Henkel: Financial Highlights

| in million euros | | Q3/2007 | Q3/2008 | Change[1] | 1–9/2007 | 1–9/2008 | Change[1] |
|---|---|---|---|---|---|---|---|
| **Sales** | | **3,358** | **3,760** | **12.0 %** | **9,888** | **10,590** | **7.1 %** |
| **Operating profit (EBIT)** | | **359** | **191** | **–46.8 %** | **1,021** | **624** | **–38.9 %** |
| Laundry & Home Care | | 126 | 117 | –6.4 % | 354 | 309 | –12.8 % |
| Cosmetics / Toiletries | | 95 | 96 | 0.7 % | 275 | 281 | 1.9 % |
| Adhesive Technologies | | 164 | 169 | 2.9 % | 475 | 511 | 7.8 % |
| **Return on sales (EBIT)** | **in %** | **10.7** | **5.1** | **–5.6 pp** | **10.3** | **5.9** | **–4.4 pp** |
| **Earnings before tax** | | **337** | **143** | **–57.6 %** | **956** | **497** | **–48.0 %** |
| **Net earnings for the quarter/nine months after minority interests** | | **238** | **101** | **–57.6 %** | **677** | **358** | **–47.1 %** |
| **Earnings per preferred share** | **in euros** | **0.55** | **0.23** | **–58.2 %** | **1.57** | **0.83** | **–47.1 %** |
| **Capital expenditures on property, plant and equipment** | | **136** | **117** | **–14.0 %** | **357** | **351** | **–1.7 %** |
| **Research and development expenses** | | **87** | **149** | **71.3 %** | **263** | **333** | **26.6 %** |
| **Number of employees (as of September 30)** | | **53,024** | **57,157** | **7.8 %** | **53,024** | **57,157** | **7.8 %** |

[1] calculated on the basis of units of 1,000 euros

pp = percentage points

## ADJUSTED EARNINGS FIGURES

| in million euros | | Q3/2007 | Q3/2008 | Change[1] | 1–9/2007 | 1–9/2008 | Change[1] |
|---|---|---|---|---|---|---|---|
| **Adjusted operating profit (EBIT)[2]** | | **368** | **391** | **6,3 %** | **1,045** | **1,081** | **3.4 %** |
| **Adjusted return on sales (EBIT)[2]** | **in %** | **11.0** | **10.4** | **–0.6 pp** | **10.6** | **10.2** | **–0.4 pp** |
| **Adjusted earnings before tax[2]** | | **346** | **343** | **–0.9 %** | **980** | **954** | **–2.7 %** |
| **Adjusted net earnings for the quarter/nine months after minority interests[2]** | | **245** | **251** | **2.4 %** | **694** | **696** | **0.3 %** |
| **Adjusted earnings per preferred share[2]** | **in euros** | **0.57** | **0.59** | **3.5 %** | **1.62** | **1.62** | **0.0 %** |

[1] calculated on the basis of units of 1,000 euros

[2] adjusted for one-time gains/charges and restructuring charges

pp = percentage points

# Contents

# Highlights Third Quarter 2008

## Key Financials

**Sales:**
**plus 12.0 percent**

**Organic sales growth:**
**plus 3.5 percent**

**Adjusted[1] operating profit (EBIT):**
**plus 6.3 percent**

**Adjusted[1] earnings per preferred share (EPS):**
**plus 3.5 percent**

[1] adjusted for one-time charges (19 million euros) and restructuring charges (181 million euros)

## Key Facts

**Growth of all business sectors outpaces relevant markets**

**Double-digit organic sales increase again achieved in the growth regions (plus 13.5 percent)**

**Weaker development in mature markets**

**Net working capital reduced by 1.1 percentage points to 12.8 percent**

**Almost all measures under the “Global Excellence” program to enhance long-term profitability now being implemented**

**Integration of the National Starch businesses continues to plan**

**Effective July 1, 2008, Corporate Research activities dissolved and incorporated into operating business sectors**

# Innovations


### Terra Activ

Terra Activ: Power and nature in a new advanced-quality line. The range encompasses an all-purpose cleaner, a hand dishwashing detergent, and WC, bath and glass cleaners. An average of 85 percent of all ingredients are derived from renewable raw materials including, for the first time, certified sustainable palm kernel oil to encourage rainforest protection.


### Coloriste

Schwarzkopf’s first 10-minute colorant for long-lasting, intensive and radiant results when time is tight! The 10-minute arginine formula – patent pending – improves the action of the pigments, therefore minimizing hair damage during the coloration process.

### TecTalis

A new technology for the corrosion protection of metals, replacing the zinc phosphating process previously widespread in the automotive and durable goods industries. TecTalis reduces production costs and significantly decreases the process-related environmental burden.

# Major Events

At the beginning of September, Henkel was once again included in the FMCG market segment of the Dow Jones Sustainability World Index (DJSI World), a sector in which Henkel is a leader. To be incorporated into the index, companies have to show an exemplary track record in adhering to the principles of sustainable development.

# Share Performance

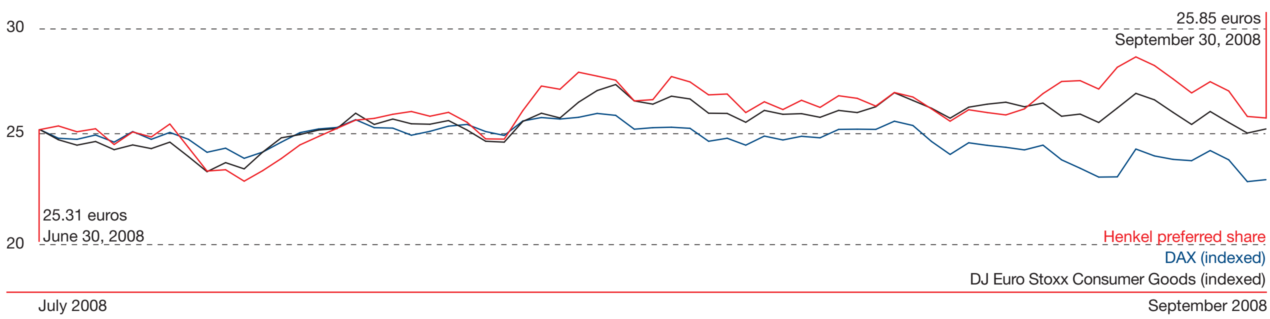
With the prevailing financial crisis increasing in severity, the European stock markets registered substantial price declines in the third quarter of 2008. The DAX index lost 9.2 percent of its value compared to the closing of the index for the second quarter of 2008.

However, the price of the Henkel preferred share bucked the trend of this bear market environment, rising in the third quarter by 2.13 percent from 25.31 euros to 25.85 euros. Our stock tracked the more favorable trend in share prices that generally prevailed in the consumer goods segment, as reflected in the rise in the Dow Jones Stoxx Consumer Goods Index of 0.1 percent.

The annual report, our quarterly reports, current data on Henkel shares as well as company news, financial reports and company presentations can be found on the Investor Relations website at www.henkel.com/ir.

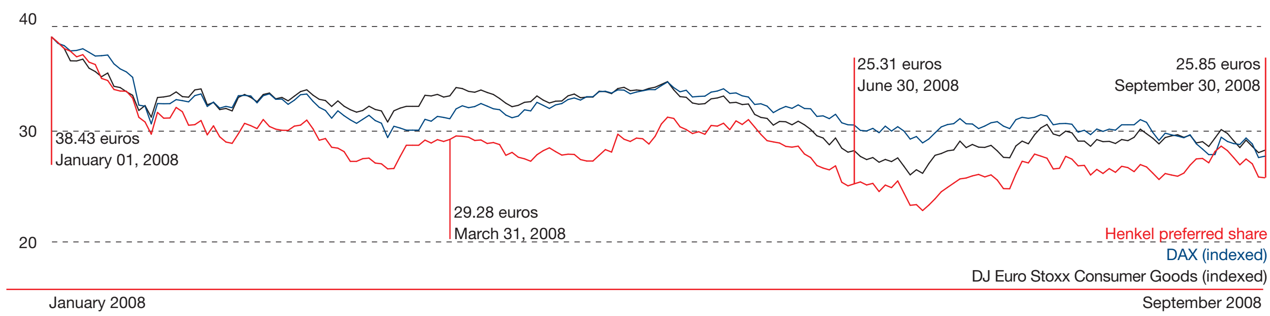
**PERFORMANCE OF HENKEL PREFERRED SHARE VERSUS MARKET IN Q3 2008**

in euros




**PERFORMANCE OF HENKEL PREFERRED SHARE VERSUS MARKET IN Q1 – Q3 2008**

in euros



# Report Third Quarter 2008

## Business Performance Third Quarter 2008

Despite the difficult market environment, organic sales in the third quarter of 2008 grew by a gratifying 3.5 percent after adjusting for foreign exchange and acquisitions/divestments. Overall, sales rose by 12.0 percent to 3,760 million euros, and by 15.8 percent after adjusting for foreign exchange. The National Starch businesses acquired on April 3, 2008 also contributed to this increase.

Organic sales growth was supported by all our business sectors: with growth rates of between 3.4 and 3.6 percent, each outperformed its relevant markets.

Compared to the prior-year quarter, gross margin decreased by 4.7 percentage points to 41.8 percent. The two main reasons for this are: first, the restructuring charges arising primarily from our efficiency enhancement program "Global Excellence", and second, the further strong increases in raw material prices which we were unable to fully offset through our countermeasures. The consolidation of the National Starch businesses also had an impact, albeit to a lesser extent. Without the restructuring charges and the acquisition, gross margin would have been constant. The following expense items were also impacted by the two afore-mentioned factors: marketing, selling and distribution expenses rose by 7.9 percent. Their share of total sales decreased by 1.2 percentage points to 27.6 percent. Our research and development expenses totaled 149 million euros, representing a 4.0 percent share of sales (plus 1.4 percentage points); and administrative expenses rose by 37.2 percent. The distribution of the restructuring charges between the various expense items in the income statement is explained on page 17. The balance from other operating income and charges increased from 4 million euros to 21 million euros.

**PRICE AND VOLUME EFFECTS[1]**

| in percent | **Organic sales growth** | of which price | of which volume |
|---|---|---|---|
| Laundry & Home Care | 3.4 | 4.5 | –1.1 |
| Cosmetics/Toiletries | 3.4 | 0.7 | 2.7 |
| Adhesive Technologies | 3.6 | 4.7 | –1.1 |
| **Henkel Group** | **3.5** | **3.6** | **–0.1** |

[1] calculated on the basis of units of 1,000 euros

Restructuring charges increased significantly from 9 million euros to 181 million euros. Of this amount, 168 million euros was attributable to the "Global Excellence" program, 9 million euros to the integration of the National Starch businesses and 4 million euros to ordinary restructuring activities.

Due primarily to the restructuring charges, operating profit (EBIT) decreased by 46.8 percent to 191 million euros. After allowing for these charges and the consultancy costs related to the integration of the National Starch businesses amounting to 19 million euros, adjusted operating profit ("adjusted EBIT") increased by 6.3 percent from 368 million euros in the prior-year quarter to 391 million euros.

Return on sales (EBIT) amounted to 5.1 percent, while adjusted return on sales ("adjusted EBIT margin") decreased from 11.0 percent to 10.4 percent. This is largely attributable to the significant impact of increased raw material prices on the results posted by Laundry & Home Care and the dilutive effect of the National Starch businesses on the margin generated by Adhesive Technologies.

## SALES[1)]

| in million euros | Q3 | 1 – 9 |
|---|---|---|
| **2008** | **3,760** | **10,590** |
| **2007** | **3,358** | **9,888** |
| Change versus previous year | 12.0 % | 7.1 % |

[1)] calculated on the basis of units of 1,000 euros

## SALES DEVELOPMENT[1)]

| in percent | Q3 | 1 – 9 |
|---|---|---|
| **Change versus previous year** | **12.0** | **7.1** |
| Foreign exchange | –3.8 | –4.7 |
| **After adjusting for foreign exchange** | **15.8** | **11.8** |
| Acquisitions/divestments | 12.3 | 7.5 |
| **Organic** | **3.5** | **4.3** |

[1)] calculated on the basis of units of 1,000 euros

## EBIT[1)]

| in million euros | Q3 | 1 – 9 |
|---|---|---|
| **2008** | **191** | **624** |
| **2007** | **359** | **1,021** |
| Change versus previous year | –46.8 % | –38.9 % |
| After adjusting for foreign exchange | –44.8 % | –36.4 % |

[1)] calculated on the basis of units of 1,000 euros

## ADJUSTED EBIT[1)]

| in million euros | Q3 | 1 – 9 |
|---|---|---|
| **2008** | **391** | **1,081** |
| **2007** | **368** | **1,045** |
| Change versus previous year | 6.3 % | 3.4 % |

[1)] calculated on the basis of units of 1,000 euros

## EARNINGS PER PREFERRED SHARE

| in euros | Q3 | 1 – 9 |
|---|---|---|
| **2008** | **0.23** | **0.83** |
| **2007** | **0.55** | **1.57** |
| Change versus previous year | –58.2 % | –47.1 % |

## ADJUSTED EARNINGS PER PREFERRED SHARE

| in euros | Q3 | 1 – 9 |
|---|---|---|
| **2008** | **0.59** | **1.62** |
| **2007** | **0.57** | **1.62** |
| Change versus previous year | 3.5 % | 0.0 % |

Due mainly to restructuring charges, return on capital employed (ROCE) decreased by 8.0 percentage points to 8.3 percent.

Our investment result, mainly attributable to income from our participation in Ecolab, rose by 2 million euros to 24 million euros. Net interest expense increased by 28 million euros, from –44 million euros to –72 million euros. This is primarily due to higher net debt arising from payment of the purchase price for the acquisition of the National Starch businesses. Our financial result consequently decreased from –22 million euros to –48 million euros. The tax rate amounted to 25.2 percent.

Due to lower EBIT and the increase in the negative financial result, net earnings for the quarter decreased by 56.3 percent to 107 million euros. After minority interests totaling 6 million euros, net earnings for the quarter amounted to 101 million euros (–57.6 percent). At 251 million euros, adjusted quarterly net earnings after minority interests were 2.4 percent above the prior-year level. Earnings per preferred share (EPS) decreased by 58.2 percent to 0.23 euros. Adjusted earnings per preferred share increased by 3.5 percent to 0.59 euros.

# Regional Performance

**HENKEL: KEY FIGURES BY REGION[1] THIRD QUARTER 2008**

| in million euros<br>**Regions** | Europe/ Africa/ Middle East | North America | Latin America | Asia-Pacific | Corporate | **Henkel** |
|---|---|---|---|---|---|---|
| **Sales July – September 2008** | **2,319** | **727** | **215** | **437** | **62** | **3,760** |
| Sales July – September 2007 | 2,171 | 667 | 175 | 282 | 63 | 3,358 |
| Change versus previous year | 6.8 % | 9.1 % | 22.7 % | 54.7 % | – | 12.0 % |
| After adjusting for foreign exchange | 7.9 % | 19.6 % | 24.8 % | 65.8 % | – | 15.8 % |
| **Proportion of Henkel sales July – September 2008** | **62 %** | **19 %** | **6 %** | **11 %** | **2 %** | **100 %** |
| Proportion of Henkel sales July – September 2007 | 65 % | 20 % | 5 % | 8 % | 2 % | 100 % |
| **EBIT July – September 2008** | **235** | **82** | **18** | **47** | **–191[2]** | **191** |
| EBIT July – September 2007 | 263 | 88 | 13 | 21 | –26 | 359 |
| Change versus previous year | –10.7 % | –6.5 % | 33.4 % | 126.6 % | – | –46.8 % |
| After adjusting for foreign exchange | –9.9 % | 2.9 % | 32.6 % | 146.0 % | – | –44.8 % |
| **Return on sales (EBIT) July – September 2008** | **10.1 %** | **11.2 %** | **8.5 %** | **10.9 %** | **–** | **5.1 %** |
| Return on sales (EBIT) July – September 2007 | 12.1 % | 13.1 % | 7.8 % | 7.4 % | – | 10.7 % |

[1] calculated on the basis of units of 1,000 euros
[2] regional distribution of restructuring charges for "Global Excellence" (168 million euros) and National Starch (9 million euros) of 177 million euros as follows: Europe/Africa/Middle East 137 million euros, North America 17 million euros, Latin America 8 million euros, Asia-Pacific 15 million euros; the ordinary restructuring charges have been allocated to the regions

**HENKEL: KEY FIGURES BY REGION[1] JANUARY – SEPTEMBER 2008**

| in million euros<br>**Regions** | Europe/ Africa/ Middle East | North America | Latin America | Asia-Pacific | Corporate | **Henkel** |
|---|---|---|---|---|---|---|
| **Sales January – September 2008** | **6,721** | **1,976** | **586** | **1,125** | **182** | **10,590** |
| Sales January – September 2007 | 6,398 | 1,965 | 517 | 827 | 181 | 9,888 |
| Change versus previous year | 5.1 % | 0.6 % | 13.3 % | 36.0 % | – | 7.1 % |
| After adjusting for foreign exchange | 6.7 % | 13.2 % | 18.4 % | 46.4 % | – | 11.8 % |
| **Proportion of Henkel sales January – September 2008** | **63 %** | **19 %** | **5 %** | **11 %** | **2 %** | **100 %** |
| Proportion of Henkel sales January – September 2007 | 65 % | 20 % | 5 % | 8 % | 2 % | 100 % |
| **EBIT January – September 2008** | **707** | **226** | **55** | **113** | **–477[2]** | **624** |
| EBIT January – September 2007 | 775 | 235 | 40 | 54 | –83 | 1.021 |
| Change versus previous year | –8.7 % | –4.0 % | 36.2 % | 109.8 % | – | –38.9 % |
| After adjusting for foreign exchange | –7.6 % | 8.8 % | 42.5 % | 131.2 % | – | –36.4 % |
| **Return on sales (EBIT) January – September 2008** | **10.5 %** | **11.4 %** | **9.4 %** | **10.1 %** | **–** | **5.9 %** |
| Return on sales (EBIT) January – September 2007 | 12.1 % | 12.0 % | 7.8 % | 6.5 % | – | 10.3 % |

[1] calculated on the basis of units of 1,000 euros
[2] regional distribution of restructuring charges for "Global Excellence" (395 million euros) and National Starch (32 million euros) of 427 million euros as follows: Europe/Africa/Middle East 298 million euros, North America 99 million euros, Latin America 9 million euros, Asia-Pacific 21 million euros; the ordinary restructuring charges have been allocated to the regions

Corporate Research expenses, which were allocated to the operating business sectors for the first time this quarter, impacted the **Europe/Africa/Middle East** region with 4 million euros charged against operating profit (EBIT), the **North America** region with a charge of 2 million euros and the **Asia-Pacific** region with a charge of 1 million euros. As a result of research expenses being reassigned in their entirety to the business sectors, operating profit in the Corporate segment increased by 7 million euros.

Organic sales increased by 3.7 percent in the **Europe/Africa/Middle East** region, with all business sectors contributing. After adjusting for foreign exchange, sales rose by 7.9 percent. In Eastern Europe and Africa/Middle East, we once again achieved double-digit organic growth rates, while developments in Western Europe including Germany underwent a slight decline. The operating profit attributable to the region fell by 9.9 percent after adjusting for foreign exchange. Return on sales decreased by 2.0 percentage points to 10.1 percent, due in particular to a slowdown in the Adhesive Technologies business sector.

Organic sales in **North America** rose by 0.3 percent. As a result of the difficult market environment prevailing in this region, organic sales both of the Adhesive Technologies business sector and of Laundry & Home Care underwent a slight decline. The performance of our Cosmetics/Toiletries business sector, on the other hand, was encouraging. The weakness of the US dollar produced a negative foreign exchange impact of 10.5 percent. Sales adjusted for foreign exchange increased by 19.6 percent compared to the prior-year quarter, with the acquired National Starch businesses making a major contribution. Operating profit after adjusting for foreign exchange increased by 2.9 percent. Nevertheless, at 11.2 percent, return on sales was 1.9 percentage points below the figure for the prior-year quarter. This is attributable to a slight downturn in the performance of all our business sectors.

We increased our organic sales in the **Latin America** region by a highly encouraging 12.4 percent, with all our business sectors contributing. Sales growth adjusted for foreign exchange amounted to 24.8 percent, again boosted by the additional revenues generated by the National Starch businesses. After adjusting for foreign exchange, operating profit rose by 32.6 percent. Return on sales improved compared to the prior-year quarter by 0.7 percentage points to 8.5 percent.

In the **Asia-Pacific** region, organic sales exceeded the prior-year quarter by 3.8 percent, and by 65.8 percent after adjusting for foreign exchange. Here again, all our business sectors made a contribution. Operating profit adjusted for foreign exchange rose by 146.0 percent. This substantial increase in both sales and EBIT is primarily due to the acquired National Starch businesses. We increased return on sales compared to the prior-year quarter by a strong 3.5 percentage points to 10.9 percent.

In our **growth regions** of Eastern Europe, Africa/Middle East, Latin America and Asia (excluding Japan), we increased sales by 24.1 percent to 1,448 million euros. This represents a share of consolidated sales amounting to 39 percent. After adjusting for foreign exchange, sales rose by 27.6 percent. Organic growth amounted to a very encouraging 13.5 percent, with all our business sectors contributing.

# Laundry & Home Care

**SALES**[1)]

| in million euros | Q3 | 1 – 9 |
|---|---|---|
| **2008** | **1,068** | **3,111** |
| **2007** | **1,053** | **3,146** |
| Change versus previous year | 1.4 % | –1.1 % |

[1)] change figure calculated on the basis of units of 1,000 euros

**SALES DEVELOPMENT**[1)]

| in percent | Q3 | 1 – 9 |
|---|---|---|
| **Change versus previous year** | **1.4** | **–1.1** |
| Foreign exchange | –2.1 | –3.3 |
| **After adjusting for foreign exchange** | **3.5** | **2.2** |
| Acquisitions/Divestments | 0.1 | –1.2 |
| **Organic** | **3.4** | **3.4** |

[1)] change figure calculated on the basis of units of 1,000 euros

**EBIT**[1)]

| in million euros | Q3 | 1 – 9 |
|---|---|---|
| **2008** | **117** | **309** |
| **2007** | **126** | **354** |
| Change versus previous year | –6.4 % | –12.8 % |
| After adjusting for foreign exchange | –4.5 % | –9.7 % |

[1)] change figure calculated on the basis of units of 1,000 euros

**RETURN ON SALES (EBIT)**

| in percent | Q3 | 1 – 9 |
|---|---|---|
| **2008** | **11.0** | **9.9** |
| **2007** | **11.9** | **11.2** |
| Change versus previous year | –0.9 pp | –1.3 pp |

pp = percentage points

In the third quarter of 2008, **Laundry & Home Care** posted a good organic sales growth of 3.4 percent, representing a slight improvement on the first half of this year. Foreign exchange had a negative impact of 2.1 percent. We maintained a high rate of organic expansion in the growth regions of Eastern Europe, Africa, Middle East and Latin America with double-digit increases in the major countries of these regions. Within the difficult market environment of Western Europe and North America, by contrast, sales fell below the level of the prior-year quarter.

Again in this quarter, increases in the cost of raw materials resulted in a rise in our own input costs. We were able to partially compensate for this development through price increases of our own coupled with measures aligned to reducing costs and increasing efficiency. After adjusting for foreign exchange, operating profit was 4.5 percent below the prior-year quarter. Included in the calculation for the first time are expenses amounting to 3 million euros previously attributable to the former Corporate Research function. However, at 117 million euros, we were able to achieve what is so far the highest quarterly total this year. Return on sales amounted to 11.0 percent. Although this is 0.9 percentage points below the figure for the prior-year quarter, it represents an improvement of 1.6 percentage points on the second quarter of this year. Return on capital employed (ROCE) fell compared to the prior-year quarter by 0.3 percentage points to 17.9 percent.

In the *Laundry* segment, we achieved the highest increases in organic sales in our growth regions. Our biggest brand, Persil, constituted the main growth generator here, benefiting from innovations such as Persil Gold Plus launched in a number of countries in Central and Eastern Europe. In Western Europe, the price increases implemented resulted in a temporary decline in sales. In North America, we were able to once again increase the sales of our second largest global brand, Purex.

The improvement in the organic sales of our *Home Care* products was also due primarily to results posted in our growth regions, especially Eastern Europe. By contrast, the market environment in Western Europe remained difficult despite the launch of several successful innovations. These included the WC rim block product WC Frisch 3-Aktiv featuring a dual-chamber system comprising cleaner and fragrant rinse with additional air freshener.

## Outlook

We expect organic sales growth in 2008 to be above the market average. Due to the impact of higher input costs, we expect operating profit adjusted for foreign exchange to only just reach the level of the previous year, despite the countermeasures that we have already introduced.

# Cosmetics/Toiletries

**SALES[1]**

| in million euros | Q3 | 1 – 9 |
|---|---|---|
| **2008** | **770** | **2,257** |
| **2007** | **768** | **2,241** |
| Change versus previous year | 0.3 % | 0.7 % |

[1] change figure calculated on the basis of units of 1,000 euros

**SALES DEVELOPMENT[1]**

| in percent | Q3 | 1 – 9 |
|---|---|---|
| **Change versus previous year** | **0.3** | **0.7** |
| Foreign exchange | –3.0 | –3.8 |
| **After adjusting for foreign exchange** | **3.3** | **4.5** |
| Acquisitions/Divestments | –0.1 | –0.6 |
| **Organic** | **3.4** | **5.1** |

[1] change figure calculated on the basis of units of 1,000 euros

**EBIT[1]**

| in million euros | Q3 | 1 – 9 |
|---|---|---|
| **2008** | **96** | **281** |
| **2007** | **95** | **275** |
| Change versus previous year | 0.7 % | 1.9 % |
| After adjusting for foreign exchange | 4.1 % | 7.0 % |

[1] change figure calculated on the basis of units of 1,000 euros

**RETURN ON SALES (EBIT)**

| in percent | Q3 | 1 – 9 |
|---|---|---|
| **2008** | **12.5** | **12.4** |
| **2007** | **12.5** | **12.3** |
| Change versus previous year | 0.0 pp | 0.1 pp |

pp = percentage points

With organic growth at 3.4 percent versus a very strong prior-year quarter, **Cosmetics/Toiletries** maintained the positive trend of the last few quarters despite a significantly more difficult market. After adjusting for foreign exchange, the rise in sales was 3.3 percent. Aside from a further highly encouraging performance in North America, strong growth was also achieved by, in particular, our businesses in Eastern Europe, Asia and Latin America.

Despite further increases in input costs, operating profit rose by 4.1 percent to 96 million euros after adjusting for foreign exchange. Included for the first time are expenses attributable to the former Corporate Research function of 2 million euros. Return on sales remained stable at 12.5 percent. Return on capital employed (ROCE) increased compared to the prior-year quarter by 1.2 percentage points to 18.2 percent.

The *Hair Cosmetics* segment continued to perform well with further expansion in our market positions in all categories. The Hair Care business turned in some particularly positive results. In the Styling category, the launch of the Taft line Power with Cashmere Touch led to substantial increases in our international market shares. In the Colorants category, the focus was on the relaunch of Brillance and the introduction of our ten-minute coloration product Coloriste.

The *Body Care* business posted another good set of results with developments in the USA particularly gratifying: the innovations launched in the spring under the brands Dial and Dial for Men are among the most successful new products in the body care market in 2008. In Europe, Fa Deodorants in particular continued their positive growth trend, driven by the Rice Dry series launched in the spring of this year.

In the *Skin Care* segment, we succeeded in further expanding our market position thanks to the encouraging performance of Diadermine, with the focus this time on the launch of the Age Excellium Gold line.

The emphasis in *Oral Care* was on the relaunch of the international brand Theramed with the advent of innovative Theramed 2in1 OxyWhite.

Our *Hair Salon* business continued to post very good growth boosted in particular by product innovations under the Osis brand and in the form of Bonacure Time Restore. The Igora brand was further expanded with specifically targeted marketing activities.

## Outlook

We expect organic sales growth in 2008 to be above the market average. We also expect to achieve a further increase in operating profit.

# Adhesive Technologies

**SALES**[1]

| in million euros | Q3 | 1 – 9 |
|---|---|---|
| **2008** | **1,860** | **5,040** |
| **2007** | **1,474** | **4,320** |
| Change versus previous year | 26.2 % | 16.7 % |

[1] change figure calculated on the basis of units of 1,000 euros

**SALES DEVELOPMENT**[1]

| in percent | Q3 | 1 – 9 |
|---|---|---|
| **Change versus previous year** | **26.2** | **16.7** |
| Foreign exchange | –5.6 | –6.3 |
| **After adjusting for foreign exchange** | **31.8** | **23.0** |
| Acquisitions/Divestments | 28.2 | 18.3 |
| **Organic** | **3.6** | **4.7** |

[1] change figure calculated on the basis of units of 1,000 euros

**EBIT**[1]

| in million euros | Q3 | 1 – 9 |
|---|---|---|
| **2008** | **169** | **511** |
| **2007** | **164** | **475** |
| Change versus previous year | 2.9 % | 7.8 % |
| After adjusting for foreign exchange | 8.1 % | 13.6 % |

[1] change figure calculated on the basis of units of 1,000 euros

**RETURN ON SALES (EBIT)**

| in percent | Q3 | 1 – 9 |
|---|---|---|
| **2008** | **9.1** | **10.1** |
| **2007** | **11.1** | **11.0** |
| Change versus previous year | –2.0 pp | –0.9 pp |

pp = percentage points

Sales of the **Adhesive Technologies** business sector increased by 31.8 percent after adjusting for foreign exchange, largely due to the acquisition of the National Starch businesses. Organic sales rose by 3.6 percent. In the face of significantly deteriorating market conditions in Western Europe and North America, we were unable to reach the sales figures of the previous year in organic terms. The growth regions of Asia, Africa, Middle East, Latin America and Eastern Europe continued to generate above-average performance, producing a double-digit increase in sales overall.

After adjusting for foreign exchange, operating profit rose by 8.1 percent. This is likewise primarily attributable to the National Starch acquisition. Raw material prices continued to rise. We were unable to fully replenish the capacity underutilization that arose from a decline in volumes in Europe and North America. Earnings were also impacted by a charge of 19 million euros incurred through the integration of the National Starch businesses, and by expenses of 2 million euros reassigned from the former Corporate Research function. Overall, return on sales decreased by 2.0 percentage points to 9.1 percent. Return on capital employed (ROCE) declined by 2.9 percentage points to 14.5 percent.

Our *Craftsmen and Consumer* segment was adversely affected by the difficult conditions prevailing in North America and Western Europe. However, we were able to more than compensate for the decline in Western Europe thanks to our encouraging performance in Eastern Europe and Latin America.

The *Building Adhesives* segment continued to exhibit strong growth in Eastern Europe and the Middle East, while the market in Western Europe declined.

Our *Industry* segment benefited significantly from the acquisition, while organic sales stagnated. In the declining markets of Western Europe and North America, moreover, we were unable to reach the sales figures of the prior-year quarter. Significant shrinkage in the automotive industry negatively impacted our related business, while our products for industrial maintenance, repair and overhaul under the Loctite brand again posted positive results. Within the metals segment, we were especially able to expand our market shares in Eastern Europe and Asia. The performance of the National Starch businesses eased slightly overall in the face of a market-related slowdown.

## Outlook

We expect organic sales growth in 2008 to be above the market average. We do not foresee any easing in raw material costs in the course of the last quarter of 2008. We will therefore continue with our countermeasures. Taking into account the acquisition, we expect to achieve a significant increase in operating profit.

# Nine-Months Financial Report 2008

## “Global Excellence” Restructuring Program

Back in February, Henkel announced the main framework of a worldwide program called “Global Excellence” aligned to increasing efficiency. This initiative was undertaken in the face of accelerated change in prevailing market conditions, an increasingly challenging competitive environment and rising cost pressure.

“Global Excellence” provides for a number of individual measures affecting all business sectors, regions and functions of the company. The measures will require a one-time charge of some 500 million euros. Due to the strategic alignment of the program and its importance for the further development of the Company as a whole, these expenses will be booked to the Corporate segment. The allocation to the business sectors is indicated in the footnotes on pages 21 and 22.

In the third quarter we identified a number of further measures. To date, a total of 395 million euros in restructuring charges, equivalent to 79 percent of the total one-time expense planned of around 500 million euros, has so far been incurred in some 270 projects.

Of this amount, 164 million euros relates to the Laundry & Home Care business sector, 87 million euros to Cosmetics/Toiletries, 99 million euros to Adhesive Technologies and 45 million euros to Corporate functions.

In regional terms, 294 million euros relates to Europe/Africa/Middle East, 77 million euros to North America, 9 million euros to Latin America and 15 million euros to Asia-Pacific.

The purpose of the “Global Excellence” initiative is to achieve annual savings of about 150 million euros with effect from 2011.

Essentially, we have introduced the “Global Excellence” program in order to permanently strengthen the profitability and long-term competitiveness of Henkel. The initiative comprises measures which will enable us to respond to changes in our markets, improve our production network and expand our utilization of shared services.

A major step in this regard involves the reorganization of Corporate Research. Effective July 1, this central division was dissolved and its research departments incorporated into the research units of the market-aligned business sectors, strengthening their own R&D activities and reducing time to market.

A further important measure involves the consolidation of our liquid detergent production activities in Europe. This entails the closure of manufacturing facilities in Germany and Spain with transfer of the associated volumes to more favorably located sites.

As indicated above, the “Global Excellence” initiative also provides for increased usage of our shared services. The Shared Service Center in Bratislava, Slovakia, is, for example, to be expanded with the transfer of our European financial activities to that base, enabling us to achieve further process standardization and economies of scale.

## Underlying Trading Conditions

The underlying trading conditions have deteriorated, particularly in the third quarter. The global financial crisis is beginning more and more to affect the real economy. While in the spring, the US economy underwent further expansion due to, among other things, the wave of tax credits and refunds, it is widely expected that gross domestic product will show a significant fall in the third quarter. Almost all the countries of Western Europe are likewise suffering from an economic downturn. While the economies of the growth regions have further expanded, this has been at a reduced rate.

The economic decline is noticeable both in private consumption and in industrial output. Numerous consumer climate indices have dipped and consumer spending in North America and Western Europe has stagnated. There has, however, been less reluctance to spend among consumers in the growth regions.

Due to the reduction in oil and raw material prices, inflation has recently settled down somewhat.

Many industrial countries have shown a decline in manufacturing output in the third quarter. This is also increasingly affecting countries which so far have exhibited relatively robust growth, such as Germany. A general reluctance to invest emanating from the financial crisis, and falling exports are among the main causes of this industrial downturn.

### Sectors of Importance for Henkel

Some of the customer industries of importance for us weakened in the third quarter. Sectors such as electronics which have been relatively robust so far have lost some of their momentum, although they are still generating growth and therefore providing a degree of stabilization. Production in the machine construction sector, which had likewise previously been showing an upward trend in some countries, is now flattening out to stagnation point in many regions. Automotive output has continued to slow, particularly in the USA where motor vehicle production has been rapidly declining. Construction in the USA has declined further, as it has in some countries in Western Europe, while building activity in most of the growth regions has remained brisk.

## Business Performance January through September 2008

### Statement of Income

In the first nine months of fiscal 2008, we achieved a highly robust increase in organic sales of 4.3 percent (after adjusting for foreign exchange and acquisitions/divestments), despite a weakening market environment in the third quarter. This sales performance places us within the range of our forecast of 3 to 5 percent for the year as a whole. Overall, we improved sales by 7.1 percent to 10,590 million euros, with the rise after adjusting for foreign exchange amounting to a gratifying 11.8 percent, attributable in part to the National Starch businesses which were consolidated as of April 3, 2008.

All our business sectors supported our organic sales growth, each outperforming their relevant markets. At Laundry & Home Care, organic growth amounted to a good 3.4 percent. Cosmetics/Toiletries continued its positive trend with organic growth of 5.1 percent, and in the Adhesive Technologies business sector, organic growth amounted to a robust 4.7 percent.

Compared to the first nine months of 2007, gross margin decreased by 3.6 percentage points to 43.1 percent. The two main reasons for this are: first, the further strong increases in raw material prices which we were unable to completely offset through our countermeasures; and second, the restructuring charges arising primarily from our efficiency enhancement program “Global Excellence”. Consolidation of the National Starch businesses also had an impact, albeit to a lesser extent. Without the restructuring charges and the acquisition, the gross margin would have decreased only slightly. The following expense items were also impacted by these two aforementioned factors: marketing, selling and distribution expenses rose by 5.1 percent, although their share of sales fell by 0.6 percentage points to 28.5 percent; our research and development expenses

**PRICE AND VOLUME EFFECTS**[1)]

| in percent | **Organic sales growth** | of which price | of which volume |
|---|---|---|---|
| Laundry & Home Care | 3.4 | 2.5 | 0.9 |
| Cosmetics/Toiletries | 5.1 | 1.3 | 3.8 |
| Adhesive Technologies | 4.7 | 3.7 | 1.0 |
| **Henkel Group** | **4.3** | **2.7** | **1.6** |

[1)] calculated on the basis of units of 1,000 euros totaled 333 million euros, representing 3.1 percent of sales; and administrative expenses rose by 32.6 percent. The distribution of the restructuring charges between the various expense items is explained on page 17. The balance from other operating income and charges rose from 20 million euros to 47 million euros. Included in other operating income is an overall gain of 11 million euros from the disposal of the water treatment business of the Adhesive Technologies business sector, and from the sale of cosmetics brands in the USA regarded as non-core.

There was a substantial increase in restructuring charges of 32 million euros to 443 million euros. Of this amount, 395 million euros was attributable to "Global Excellence", 32 million euros to the integration of the National Starch businesses and 16 million euros to ordinary restructuring activities.

Operating profit (EBIT) decreased by 38.9 percent to 624 million euros, due largely to the restructuring charges. After adjusting for restructuring charges, for the gains from the disposal of the water treatment business and the US cosmetic brands, and also for the consultancy costs related to the acquisition of the National Starch businesses (25 million euros), adjusted operating profit ("adjusted EBIT") increased by 3.4 percent from 1,045 million euros to 1,081 million euros.

Return on sales (EBIT) amounted to 5.9 percent, while adjusted return on sales ("adjusted EBIT margin") decreased from 10.6 percent to 10.2 percent. This is mainly attributable to the heavy impact of raw material price increases on the Laundry & Home Care and Adhesive Technologies business sectors.

Due primarily to the restructuring charges, return on capital employed (ROCE) decreased by 6.0 percentage points to 9.4 percent.

Our investment result, mainly attributable to income from our participation in Ecolab, increased from 65 million euros to 67 million euros. Net interest expense increased by −64 million euros from −130 million euros to −194 million euros. This is attributable to the higher net debt arising from payment of the purchase price for the acquisition of the National Starch businesses, and also the rise in average interest rate levels. Consequently, the financial result underwent a similar change from −65 million euros to −127 million euros. The tax rate was 25.2 percent.

As a result of the lower EBIT figure and the increase in the negative financial result, net earnings for the nine months decreased by 46.4 percent to 372 million euros. After minority interests totaling 14 million euros, net earnings for the nine months amounted to 358 million euros (−47.1 percent). Adjusted net earnings for these first three quarters after deducting minority interests increased by 0.3 percent to 696 million euros. Earnings per preferred share (EPS) declined by 47.1 percent to 0.83 euros. Adjusted EPS remained constant at 1.62 euros.

## Balance Sheet

Compared to the end of the previous year (December 31, 2007), the balance sheet has been mainly affected by the first-time inclusion of the National Starch businesses acquired as of April 3, 2008. The balance sheet total as of September 30, 2008 rose by 3,855 million euros.

Under the **non-current assets** heading, intangible assets increased by 117 million euros, primarily as a result of currency translation effects. The inclusion of the provisional difference between the purchase price and the net assets arising from the acquisition of the National Starch businesses, prior to adjustment through purchase price allocation per IFRS 3, accounts for 2,642 million euros. The increase in property, plant and equipment amounting to 330 million euros mainly results from the consolidation of the acquired National Starch businesses. The increase in financial assets is essentially due to the equity pick-up from our investment in Ecolab Inc., USA, accounted for by the at-equity method, and to the reclassification of investments that are now excluded from the scope of consolidation.

**Current assets** increased by 517 million euros. Overall, inventories and accounts receivable increased by 809 million euros. Included in other financial assets and miscellaneous assets are claims against Akzo Nobel relating to transfers of National Starch businesses that have yet to be completed. The reduction in liquid funds (787 million euros) exerted a countervailing effect.

**Shareholders' equity including minority interests** increased by 240 million euros to 5,946 million euros. The rise was attributable to the net earnings for the nine months amounting to 372 million euros, gains from currency translation differences amounting to 36 million euros, actuarial gains of 129 million euros with respect to pension obligations, and increases in other reserves amounting to 64 million euros. Equity was, on the other hand, reduced by −132 million euros in losses from derivatives recorded directly in equity and the dividend payouts for the previous financial year amounting to −229 million euros (of which Henkel AG & Co. KGaA[1]: −224 million euros). The equity ratio (shareholders' equity including minority interests as a percentage of total assets) decreased by 8.5 percentage points to 35.2 percent. This was mainly due to the increase in the balance sheet total arising from the acquisition of the National Starch businesses.

**Non-current liabilities** decreased by 43 million euros. Despite the assumption of pension obligations with respect to the acquired National Starch businesses, there was a reduction in pension provisions following adjustment of the assumed interest rate to prevailing capital market conditions.

Developments in **current liabilities**, which increased by 3,658 million euros, primarily reflect the 2,884 million euro rise in short-term bank loans and commercial papers required for the provisional financing of the acquisition of the National Starch businesses. As a consequence of the expansion in business resulting from inclusion of the National Starch operations, trade accounts payable also increased by 384 million euros.

Net debt, i.e. borrowings less liquid funds, increased by 3,636 million euros to 5,338 million euros.

## Cash Flow Statement

While **cash flow from operating activities** was burdened by the decrease in EBIT resulting from the restructuring charges, the impact was reduced by the increase in depreciation and amortization, impairment charges and allocations to restructuring provisions related to the "Global Excellence" program.

The higher outgoing **cash flow from investing activities/acquisitions** is due in the first instance to payments for the acquisition of the National Starch businesses, and secondly to lower proceeds from business divestments and asset disposals. **Cash flow from financing activities** increased by 2,938 million euros to 2,529 million euros, reflecting the funds borrowed for the acquisition of the National Starch businesses.

**Free cash flow** decreased by 286 million euros, due primarily to reduced cash flow from operating activities and the increase in net interest expense arising from the financing of the acquisition.

[1] The change in the company name to Henkel AG & Co. KGaA became effective as of the end of the 2008 Annual General Meeting on April 14, 2008.

## Capital Expenditures

Capital expenditures on property, plant and equipment for continuing operations amounted to 351 million euros, compared to 357 million euros in the previous year. A total of 11 million euros was invested in intangible assets (previous year: 25 million euros).

## Acquisitions and Divestments

Effective January 14, 2008, we sold our industrial water treatment business to BK Giulini, Ludwigshafen, Germany.

Please refer to page 23 for more details of our acquisition effective April 3, 2008 of the National Starch businesses.

On May 20, 2008, we sold four US brands of the Cosmetics/Toiletries business sector: Nature's Family, Topol, Porcelana and Lilt. In 2007, these non-core brands generated sales of around 4 million euros.

## Employees

As of September 30, 2008, the number of employees at Henkel was 57,157 (September 30, 2007: 53,024). This corresponds to a rise of 7.8 percent. The proportion of employees working outside Germany rose to 82.5 percent.

## Research and Development

Expenses for research and development increased to 333 million euros (+26.6 percent), corresponding to an R&D ratio of 3.1 percent of sales (previous year: 2.7 percent). This substantial rise is due in particular to expenses related to the reorganization of our Corporate Research activities.

## Major Participation

Henkel has a 29.3 percent stake in Ecolab Inc., St. Paul, Minnesota, USA. In the first nine months of 2008, Ecolab Inc. generated sales of 4,654 million US dollars (+15.5 percent). Net earnings for the first nine months rose compared to the same period in the previous year by 17.3 percent to 368.1 million US dollars. The market value of our Ecolab participation as of September 30, 2008 amounted to around 2.5 billion euros.

## Outlook

### Underlying Trading Conditions

The world economy is currently suffering from the effects of the financial market crisis. We do not expect this situation to undergo any substantial change until the end of the year. We anticipate stagnation in the mature markets as the remainder of the year progresses, and a slight slowdown in economic expansion in the growth regions.

Consumers in the USA and Western Europe are likely to become increasingly reluctant to spend. However, we regard the relative stabilization of inflation resulting from the recent decreases in energy prices as a positive factor. We continue to expect consumer spending to increase in the growth regions.

A further slowdown in growth is anticipated in the customer industries of importance to us. We also expect to see a downturn in those sectors such as machine construction and the packaging industry which have, until now, performed relatively well. The growth rates exhibited by the electronics segment are likely to continue to decrease. We likewise expect the weakness of the automotive industry and the construction sector to largely continue, aside from in the growth regions.

### Opportunities and Risks

Despite the slowdown in growth in the mature markets, we see opportunities arising from the still generally favorable conditions prevailing in the growth regions. We also see opportunities in our full pipeline of innovative products and falling raw material prices.

We see risk in the possibility of a long-lasting recession in the USA and contagion to further countries in Europe. The volatility in raw material prices and foreign exchange rates also represents a risk. For further specific opportunities and risks, please refer to the individual business sector reports appearing in our 2007 annual report.

### Updated Sales and Profit Forecast 2008

Given the business developments of the first nine months of 2008 and taking into account the National Starch businesses acquired as of April 3, we have specified our sales and profit forecast for full fiscal 2008 as follows:

We expect to achieve organic sales growth (after adjusting for foreign exchange and acquisitions/divestments) of 3 to 5 percent.

We expect to increase operating profit adjusted for restructuring charges and one-time gains and charges ("adjusted EBIT") by around 10 percent (2007 base: 1,370 million euros).

We expect to increase earnings per preferred share adjusted for restructuring charges and one-time gains and charges ("adjusted EPS") in the low single-digit percentage range (2007 base: 2.19 euros).

Included in this forecast are the initial savings arising from the "Global Excellence" efficiency enhancement program and from the integration of the National Starch businesses.

Not included in this forecast are any influences arising from the sale in part or in whole of our stake in Ecolab, the purchase price allocation for the acquired National Starch businesses that still has to be carried out, and the tax effects relating to a possible Ecolab transaction, the acquisition and the restructuring charges.

### Events after the Reporting Period

Continuing share price falls on the stock exchanges around the world since September 30 have meant that the fair value of the Henkel Group's pension fund assets fell by approximately 10 percent by October 24, corresponding to a loss in value of around 200 million euros. Other than this, there have been no events of any material significance for the net assets, financial position and results of operations of the company.

**ADJUSTED EBIT AND EPS 2007**

| in million euros | | 2007 |
|---|---|---|
| **EBIT (as reported)** | | **1,344** |
| One-time gains | | –8 |
| One-time charges | | – |
| Restructuring charges | | 34 |
| **Adjusted EBIT** | | **1,370** |
| ***Adjusted return on sales*** | ***in %*** | ***10.5*** |
| **Adjusted earnings per preferred share** | **in euros** | **2.19** |

# Consolidated Statement of Income

| in million euros | Q3/2007 | % | Q3/2008 | % | Change |
|---|---|---|---|---|---|
| **Sales** | **3,358** | **100.0** | **3,760** | **100.0** | **12.0 %** |
| Cost of sales[1] | –1,797 | –53.5 | –2,188 | –58.2 | 21.8 % |
| **Gross profit** | **1,561** | **46.5** | **1,572** | **41.8** | **0.7 %** |
| Marketing, selling and distribution expenses[1] | –963 | –28.8 | –1,039 | –27.6 | 7.9 % |
| Research and development expenses[1] | –87 | –2.6 | –149 | –4.0 | 71.3 % |
| Administrative expenses[1] | –156 | –4.6 | –214 | –5.7 | 37.2 % |
| Other operating income[2] | 8 | 0.3 | 41 | 1.1 | >100.0 % |
| Other operating charges[2] | –4 | –0.1 | –20 | –0.5 | >100.0 % |
| **Operating profit (EBIT)** | **359** | **10.7** | **191** | **5.1** | **–46.8 %** |
| Investment result | 22 | 0.7 | 24 | 0.6 | 9.1 % |
| Net interest | –44 | –1.3 | –72 | –1.9 | 63.6 % |
| **Financial result** | **–22** | **–0.6** | **–48** | **–1.3** | **>100.0 %** |
| **Earnings before tax** | **337** | **10.1** | **143** | **3.8** | **–57.6 %** |
| Taxes on income | –92 | –2.7 | –36 | –1.0 | –60.9 % |
| **Net earnings for the quarter** | **245** | **7.4** | **107** | **2.8** | **–56.3 %** |
| Minority interests | –7 | –0.2 | –6 | –0.2 | –14.3 % |
| **Net earnings for the quarter after minority interests** | **238** | **7.2** | **101** | **2.6** | **–57.6 %** |
| **Basic earnings per preferred share (in euros)** | **0.55** | | **0.23** | | **–58.2 %** |
| **Basic earnings per ordinary share (in euros)** | **0.55** | | **0.23** | | **–58.2 %** |
| **Diluted earnings per preferred share (in euros)** | **0.55** | | **0.23** | | **–58.2 %** |
| **Diluted earnings per ordinary share (in euros)** | **0.55** | | **0.23** | | **–58.2 %** |

[1] distribution of restructuring charges of 181 million euros in 2008 as follows: cost of sales 98 million euros; marketing, selling and distribution expenses 17 million euros; research and development expenses 45 million euros; administrative expenses 21 million euros

[2] prior-year amount restated; included therein: net result from the translation of operating receivables and liabilities denominated in foreign currencies, and net result from the fair value measurement of operational hedging instruments

| in million euros | 1 – 9/2007 | % | 1 – 9/2008 | % | Change |
|---|---|---|---|---|---|
| **Sales** | **9,888** | **100.0** | **10,590** | **100.0** | **7.1 %** |
| Cost of sales[1] | –5,271 | –53.3 | –6,024 | –56.9 | 14.3 % |
| **Gross profit** | **4,617** | **46.7** | **4,566** | **43.1** | **–1.1 %** |
| Marketing, selling and distribution expenses[1] | –2,875 | –29.1 | –3,022 | –28.5 | 5.1 % |
| Research and development expenses[1] | –263 | –2.7 | –333 | –3.1 | 26.6 % |
| Administrative expenses[1] | –478 | –4.8 | –634 | –6.0 | 32.6 % |
| Other operating income[2] | 71 | 0.7 | 109 | 1.0 | 53.5 % |
| Other operating charges[2] | –51 | –0.5 | –62 | –0.6 | 21.6 % |
| **Operating profit (EBIT)** | **1,021** | **10.3** | **624** | **5.9** | **–38.9 %** |
| Investment result | 65 | 0.6 | 67 | 0.6 | 3.1 % |
| Net interest | –130 | –1.3 | –194 | –1.8 | 49.2 % |
| **Financial result** | **–65** | **–0.7** | **–127** | **–1.2** | **95.4 %** |
| **Earnings before tax** | **956** | **9.6** | **497** | **4.7** | **–48.0 %** |
| Taxes on income | –262 | –2.6 | –125 | –1.2 | –52.3 % |
| **Net earnings for the nine months** | **694** | **7.0** | **372** | **3.5** | **–46.4 %** |
| Minority interests | –17 | –0.2 | –14 | –0.1 | –17.6 % |
| **Net earnings for the nine months after minority interests** | **677** | **6.8** | **358** | **3.4** | **–47.1 %** |
| **Basic earnings per preferred share (in euros)** | **1.57** | | **0.83** | | **–47.1 %** |
| **Basic earnings per ordinary share (in euros)** | **1.56** | | **0.82** | | **–47.4 %** |
| **Diluted earnings per preferred share (in euros)** | **1.57** | | **0.82** | | **–47.8 %** |
| **Diluted earnings per ordinary share (in euros)** | **1.56** | | **0.81** | | **–48.1 %** |

[1] distribution of restructuring charges of 443 million euros in 2008 as follows: cost of sales 228 million euros; marketing, selling and distribution expenses 79 million euros; research and development expenses 46 million euros; administrative expenses 90 million euros

[2] prior-year amount restated; included therein: net result from the translation of operating receivables and liabilities denominated in foreign currencies, and net result from the fair value measurement of operational hedging instruments

# Adjusted Earnings Figures

| in million euros | | Q3/2007 | Q3/2008 |
|---|---|---|---|
| **EBIT (as reported)** | | **359** | **191** |
| One-time gains | | – | – |
| One-time charges | | – | 19 |
| Restructuring charges | | 9 | 181[1] |
| **Adjusted EBIT** | | **368** | **391** |
| ***Adjusted return on sales*** | ***in %*** | ***11.0*** | ***10.4*** |
| **Adjusted quarterly net earnings after minority interests** | | **245** | **251** |
| **Adjusted earnings per preferred share** | **in euros** | **0.57** | **0.59** |

[1] of which 168 million euros from "Global Excellence", 9 million euros from National Starch and 4 million euros from ordinary activities

| in million euros | | 1 – 9/2007 | 1 – 9/2008 |
|---|---|---|---|
| **EBIT (as reported)** | | **1,021** | **624** |
| One-time gains | | –8 | –11 |
| One-time charges | | – | 25 |
| Restructuring charges | | 32 | 443[1] |
| **Adjusted EBIT** | | **1,045** | **1,081** |
| ***Adjusted return on sales*** | ***in %*** | ***10.6*** | ***10.2*** |
| **Adjusted nine months net earnings after minority interests** | | **694** | **696** |
| **Adjusted earnings per preferred share** | **in euros** | **1.62** | **1.62** |

[1] of which 395 million euros from "Global Excellence", 32 million euros from National Starch and 16 million euros from ordinary activities

# Consolidated Statement of Recognized Income and Expense

| in million euros | 1 – 9/2007 | 1 – 9/2008 |
|---|---|---|
| **Net earnings for the nine months** | **694** | **372** |
| Foreign exchange | –268 | 36 |
| Financial instruments | – | –132 |
| Actuarial gains/losses | –27 | 129 |
| Other gains and losses recognized in equity | –2 | 9 |
| Share of net profits of associates | –44 | 51 |
| **Gains and losses recognized directly in equity** | **–341** | **93** |
| **Total earnings for the period** | **353** | **465** |
| – Minority shareholders | 15 | 17 |
| – Equity holders of Henkel AG & Co. KGaA[1] | 338 | 448 |

[1] The change in the company name to Henkel AG & Co. KGaA became effective as of the end of the 2008 Annual General Meeting on April 14, 2008.

# Consolidated Balance Sheet

## ASSETS

| in million euros | Dec. 31, 2007 | % | **Sept. 30, 2008** | % |
|---|---|---|---|---|
| Intangible assets | 4,940 | 37.9 | 5,057 | 30.0 |
| Provisional difference arising from acquisition of the National Starch businesses | – | – | 2,642 | 15.6 |
| Property, plant and equipment | 2,077 | 15.9 | 2,407 | 14.2 |
| *Investments in associates* | *495* | *3.8* | *602* | *3.6* |
| *Other investments* | *33* | *0.3* | *39* | *0.2* |
| Financial assets | 528 | 4.1 | 641 | 3.8 |
| Other financial assets | 66 | 0.5 | 63 | 0.4 |
| Income tax refund claims | 4 | – | 34 | 0.2 |
| Other non-current assets | 67 | 0.5 | 73 | 0.4 |
| Deferred taxes | 249 | 1.9 | 352 | 2.1 |
| **Non-current assets** | **7,931** | **60.8** | **11,269** | **66.7** |
| Inventories | 1,283 | 9.8 | 1,548 | 9.2 |
| Trade accounts receivable | 1,694 | 13.0 | 2,238 | 13.1 |
| Other financial assets | 170 | 1.3 | 553 | 3.3 |
| Miscellaneous assets | 315 | 2.4 | 401 | 2.4 |
| Income tax refund claims | 90 | 0.7 | 145 | 0.9 |
| Liquid funds/Marketable securities | 1,440 | 11.0 | 653 | 3.9 |
| Assets held for sale | 125 | 1.0 | 96 | 0.5 |
| **Current assets** | **5,117** | **39.2** | **5,634** | **33.3** |
| **Total assets** | **13,048** | **100.0** | **16,903** | **100.0** |

## SHAREHOLDERS' EQUITY AND LIABILITIES

| in million euros | Dec. 31, 2007 | % | **Sept. 30, 2008** | % |
|---|---|---|---|---|
| **Equity excluding minority interests** | **5,643** | **43.2** | **5,871** | **34.7** |
| Minority interests | 63 | 0.5 | 75 | 0.5 |
| **Equity including minority interests** | **5,706** | **43.7** | **5,946** | **35.2** |
| Provisions for pensions and similar obligations | 657 | 5.0 | 483 | 2.9 |
| Long-term income tax provisions | 100 | 0.8 | 97 | 0.6 |
| Other long-term provisions | 119 | 0.9 | 170 | 1.0 |
| Long-term borrowings | 2,304 | 17.7 | 2,269 | 13.4 |
| Non-current financial liabilities | 147 | 1.1 | 190 | 1.1 |
| Other non-current liabilities | 10 | 0.1 | 26 | 0.2 |
| Deferred taxes | 314 | 2.4 | 373 | 2.2 |
| **Non-current liabilities** | **3,651** | **28.0** | **3,608** | **21.4** |
| Short-term provisions for taxes | 152 | 1.2 | 213 | 1.3 |
| Short-term provisions | 763 | 5.9 | 1,048 | 6.2 |
| Short-term borrowings | 838 | 6.4 | 3,722 | 22.1 |
| Trade accounts payable | 1,477 | 11.3 | 1,861 | 11.0 |
| Current financial liabilities | 246 | 1.9 | 206 | 1.2 |
| Other current liabilities | 200 | 1.5 | 274 | 1.6 |
| Income tax liabilities | 15 | 0.1 | 25 | 0.1 |
| **Current liabilities** | **3,691** | **28.3** | **7,349** | **43.4** |
| **Total equity and liabilities** | **13,048** | **100.0** | **16,903** | **100.0** |

# Consolidated Cash Flow Statement

| in million euros | 1 – 9/2007 | 1 – 9/2008 |
|---|---|---|
| **Operating profit (EBIT)** | **1,021** | **624** |
| Income taxes paid | –200 | –247 |
| Amortization/depreciation/write-ups of non-current assets (excluding financial assets) | 256 | 369 |
| Net gains/losses on disposal of non-current assets (excluding financial assets) | –8 | –6 |
| Change in inventories | –115 | –125 |
| Change in trade accounts receivable | –269 | –244 |
| Change in other receivables and miscellaneous assets | –92 | –179 |
| Change in trade accounts payable | 148 | 125 |
| Change in other liabilities and provisions | 35 | 295 |
| **Cash flow from operating activities** | **776** | **612** |
| Purchase of intangible assets | –25 | –11 |
| Purchase of property, plant and equipment | –357 | –351 |
| Purchase of financial assets/acquisitions | –1 | –3,651 |
| Proceeds on disposal of subsidiaries and business units | 90 | 59 |
| Proceeds on disposal of other non-current assets | 50 | 32 |
| **Cash flow from investing activities/acquisitions** | **–243** | **–3,922** |
| Henkel AG & Co. KGaA[1] dividends | –211 | –224 |
| Subsidiary company dividends (to other shareholders) | –9 | –5 |
| Interest received | 78 | 60 |
| Dividends received | 23 | 20 |
| Interest paid | –277 | –349 |
| *Dividends and interest paid and received* | *–396* | *–498* |
| Change in borrowings | –53 | 3,023 |
| Other financing transactions | 14 | 4 |
| **Cash flow from financing activities** | **–435** | **2,529** |
| **Change in cash and cash equivalents due to movements in funds** | **98** | **–781** |
| Change in cash and cash equivalents due to exchange rate movements | –42 | –5 |
| **Change in liquid funds and marketable securities** | **56** | **–786** |
| Liquid funds and marketable securities at January 1 | 929 | 1,440 |
| Liquid funds and marketable securities at September 30 | 985 | 654 |

[1] The change in the company name to Henkel AG & Co. KGaA became effective as of the end of the 2008 Annual General Meeting on April 14, 2008.

## COMPUTATION OF FREE CASH FLOW

| in million euros | 1 – 9/2007 | 1 – 9/2008 |
|---|---|---|
| Cash flow from operating activities | 776 | 612 |
| Purchase of intangible assets | –25 | –11 |
| Purchase of property, plant and equipment | –357 | –351 |
| Proceeds on disposal of subsidiaries and business units | 90 | 59 |
| Proceeds on disposal of other non-current assets | 50 | 32 |
| Dividends received/Net interest | –176 | –269 |
| **Free cash flow** | **358** | **72** |

# Group Segment Report by Business Sector[1)]

## THIRD QUARTER 2008

| in million euros | Laundry & Home Care | Cosmetics/ Toiletries | Adhesive Technologies | **Operating business sectors total** | Corporate | **Henkel** |
|---|---|---|---|---|---|---|
| **Sales July – September 2008** | **1,068** | **770** | **1,860** | **3.698** | **62** | **3,760** |
| Change from previous year | 1.4 % | 0.3 % | 26.2 % | 12.2 % | – | 12.0 % |
| Proportion of Group sales | 28 % | 21 % | 49 % | 98 % | 2 % | 100 % |
| Sales July – September 2007 | 1,053 | 768 | 1,474 | 3,295 | 63 | 3,358 |
| **EBITDA July – September 2008** | **145** | **109** | **217** | **471** | **–154** | **317** |
| EBITDA July – September 2007 | 152 | 108 | 203 | 463 | –19 | 444 |
| Change from previous year | –4.7 % | 0.5 % | 7.1 % | 1.7 % | – | –28.7 % |
| **Return on sales (EBITDA) July – September 2008** | **13.6 %** | **14.1 %** | **11.7 %** | **12.7 %** | **–** | **8.4 %** |
| Return on sales (EBITDA) July – September 2007 | 14.4 % | 14.1 % | 13.8 % | 14.0 % | – | 13.2 % |
| **Amortization/depreciation of trademark rights, other rights and property, plant and equipment July – September 2008** | **28** | **13** | **48** | **89** | **37** | **126** |
| Amortization/depreciation of trademark rights, other rights and property, plant and equipment July – September 2007 | 26 | 13 | 39 | 78 | 7 | 85 |
| **EBIT July – September 2008** | **117** | **96** | **169** | **382** | **–191[2)]** | **191** |
| EBIT July – September 2007 | 126 | 95 | 164 | 385 | –26 | 359 |
| Change from previous year | –6.4 % | 0.7 % | 2.9 % | –0.7 % | – | –46.8 % |
| **Return on sales (EBIT) July – September 2008** | **11.0 %** | **12.5 %** | **9.1 %** | **10.3 %** | **–** | **5.1 %** |
| Return on sales (EBIT) July – September 2007 | 11.9 % | 12.5 % | 11.1 % | 11.7 % | – | 10.7 % |
| **Return on capital employed (ROCE) July – September 2008** | **17.9 %** | **18.2 %** | **14.5 %** | **16.3 %** | **–** | **8.3 %** |
| Return on capital employed (ROCE) July – September 2007 | 18.2 % | 17.0 % | 17.4 % | 17.5 % | – | 16.3 % |
| **Capital employed July – September 2008** | **2,614** | **2,118** | **4,634** | **9,366** | **–208** | **9,158** |
| Capital employed July – September 2007 | 2,756 | 2,252 | 3,761 | 8,769 | 29 | 8,798 |
| Change from previous year | –5.1 % | –6.0 % | 23.2 % | 6.8 % | – | 4.1 % |
| **Capital expenditures (excl. financial assets) July – September 2008** | **60** | **44** | **51** | **155** | **–36** | **119** |
| Capital expenditures (excl. financial assets) July – September 2007 | 48 | 26 | 57 | 131 | 12 | 143 |
| **Operating assets July – September 2008** | **3,896** | **2,731** | **6,157** | **12,784** | **294** | **13,078** |
| **Operating liabilities July – September 2008** | **1,142** | **821** | **1,904** | **3,867** | **502** | **4,369** |
| **Net operating assets employed July – September 2008** | **2,754** | **1,910** | **4,253** | **8,917** | **–208** | **8,709** |
| Operating assets July – September 2007 | 4,179 | 2,944 | 4,762 | 11,885 | 338 | 12,223 |
| Operating liabilities July – September 2007 | 1,272 | 878 | 1,404 | 3,554 | 309 | 3,863 |
| Net operating assets employed July – September 2007 | 2,907 | 2,066 | 3,358 | 8,331 | 29 | 8,360 |

1) calculated on the basis of units of 1,000 euros

2) distribution of restructuring charges for “Global Excellence” (168 million euros) and National Starch (9 million euros) of 177 million euros by business sector as follows: Laundry & Home Care 75 million euros; Cosmetics/Toiletries 28 million euros; Adhesive Technologies 61 million euros; Corporate 13 million euros; the ordinary restructuring charges have been allocated to the operating business sectors

# Group Segment Report by Business Sector[1)]

## JANUARY – SEPTEMBER 2008

| in million euros | Laundry & Home Care | Cosmetics/ Toiletries | Adhesive Technologies | **Operating business sectors total** | Corporate | **Henkel** |
|---|---|---|---|---|---|---|
| **Sales January – September 2008** | **3,111** | **2,257** | **5,040** | **10,408** | **182** | **10,590** |
| Change from previous year | –1.1 % | 0.7 % | 16.7 % | 7.2 % | – | 7.1 % |
| Proportion of Group sales | 29 % | 21 % | 48 % | 98 % | 2 % | 100 % |
| Sales January – September 2007 | 3,146 | 2,241 | 4,320 | 9,707 | 181 | 9,888 |
| **EBITDA January – September 2008** | **391** | **316** | **643** | **1,350** | **–357** | **993** |
| EBITDA January – September 2007 | 436 | 312 | 591 | 1,339 | –61 | 1,278 |
| Change from previous year | –10.3 % | 1.5 % | 8.8 % | 0.9 % | – | –22.3 % |
| **Return on sales (EBITDA) January – September 2008** | **12.6 %** | **14.0 %** | **12.8 %** | **13.0 %** | **–** | **9.4 %** |
| Return on sales (EBITDA) January – September 2007 | 13.9 % | 13.9 % | 13.7 % | 13.8 % | – | 12.9 % |
| **Amortization/depreciation of trademark rights, other rights and property, plant and equipment January – September 2008** | **82** | **35** | **132** | **249** | **120** | **369** |
| Amortization/depreciation of trademark rights, other rights and property, plant and equipment January – September 2007 | 82 | 37 | 116 | 235 | 22 | 257 |
| **EBIT January – September 2008** | **309** | **281** | **511** | **1,101** | **–477[2)]** | **624** |
| EBIT January – September 2007 | 354 | 275 | 475 | 1,104 | –83 | 1,021 |
| Change from previous year | –12.8 % | 1.9 % | 7.8 % | –0.3 % | – | –38.9 % |
| **Return on sales (EBIT) January – September 2008** | **9.9 %** | **12.4 %** | **10.1 %** | **10.6 %** | **–** | **5.9 %** |
| Return on sales (EBIT) January – September 2007 | 11.2 % | 12.3 % | 11.0 % | 11.4 % | – | 10.3 % |
| **Return on capital employed (ROCE) January – September 2008** | **16.0 %** | **17.6 %** | **16.5 %** | **16.6 %** | **–** | **9.4 %** |
| Return on capital employed (ROCE) January – September 2007 | 16.9 % | 16.1 % | 17.1 % | 16.8 % | – | 15.4 % |
| **Capital employed January – September 2008** | **2,571** | **2,127** | **4,131** | **8,829** | **32** | **8,861** |
| Capital employed January – September 2007 | 2,796 | 2,274 | 3,693 | 8,763 | 55 | 8,818 |
| Change from previous year | –8.1 % | –6.4 % | 11.9 % | 0.8 % | – | 0.5 % |
| **Capital expenditures (excl. financial assets) January – September 2008** | **128** | **65** | **149** | **342** | **20** | **362** |
| Capital expenditures (excl. financial assets) January – September 2007 | 131 | 60 | 164 | 355 | 27 | 382 |
| **Operating assets January – September 2008** | **3,844** | **2,725** | **5,481** | **12,050** | **381** | **12,431** |
| **Operating liabilities January – September 2008** | **1,145** | **806** | **1,714** | **3,665** | **349** | **4,014** |
| **Net operating assets employed January – September 2008** | **2,699** | **1,919** | **3,767** | **8,385** | **32** | **8,417** |
| Operating assets January – September 2007 | 4,195 | 2,981 | 4,725 | 11,901 | 353 | 12,254 |
| Operating liabilities January – September 2007 | 1,242 | 883 | 1,370 | 3,495 | 298 | 3,793 |
| Net operating assets employed January – September 2007 | 2,953 | 2,098 | 3,355 | 8,406 | 55 | 8,461 |

[1)] calculated on the basis of units of 1,000 euros

[2)] distribution of restructuring charges for "Global Excellence" (395 million euros) and National Starch (32 million euros) of 427 million euros by business sector as follows: Laundry & Home Care 164 million euros; Cosmetics/Toiletries 87 million euros; Adhesive Technologies 131 million euros; Corporate 45 million euros; the ordinary restructuring charges have been allocated to the operating business sectors

## Acquisition of the National Starch Businesses

On April 3, 2008, we acquired the Adhesives and Electronic Materials businesses from the National Starch & Chemical Company following the takeover of the latter by Akzo Nobel. In 2007, these segments generated sales of 1.83 billion euros (1.25 billion pounds sterling). The purchase price according to the contract dated August 13, 2007, a so-called back-to-back agreement, was 3.7 billion euros (2.7 billion pounds sterling).

The purchase price allocation of the acquisition to the acquired assets and liabilities in accordance with IFRS 3 "Business Combinations" has, due to the size and complexity of the transaction, not yet been completed. The provisional difference determined for the purpose of this report is 2,642 million euros and has been disclosed under a separate heading in the balance sheet.

The still ongoing purchase price allocation process serves to finally assign the acquisition costs to the fair values of the assets, liabilities and contingent liabilities; also taken into account in this regard are the fair values of previously unrecognized intangible assets assignable to the acquired activities, such as customer relationships, technologies and brands. It should be noted that the purchase price allocation will lead to the recognition of hidden reserves and hidden charges in the assets, liabilities and contingent liabilities of the acquired businesses, and thus to expenses in the form of additionally accruing depreciation and amortization charges against income.

The following table shows the reconciliation between the purchase price and the provisional difference after deduction of the book values of the acquired assets and liabilities.

In November 2007, we entered into a cash flow hedge to mitigate the currency risk attached to the purchase price payable for the National Starch businesses. Settlement of this transaction in April 2008 gave rise to a fair value of −332 million euros. In compliance with the requirements of IAS 39, we have recognized this amount as a deduction to Group equity. Moreover, due to the fact that certain approvals under anti-trust law are still outstanding, certain individual assets have yet to be transferred to Henkel. These have been disclosed as of April 3 in the form of a claim against Akzo Nobel for the transfer of assets totaling 112 million euros. Both these amounts have to be deducted from the purchase price when determining the provisional difference.

The book values of the acquired assets and liabilities are defined in accordance with the terms of the back-to-back agreement and the information given in the already partly audited opening balance sheets relating to the acquired activities as of April 3, 2008, to which the accounting and valuation methods of the Henkel Group were applied:

**RECONCILIATION OF PURCHASE PRICE WITH PROVISIONAL DIFFERENCE**

| in million euros | |
|---|---|
| Purchase price | 3,688 |
| Fair value of cash flow hedge | −332 |
| Assets to be transferred by Akzo Nobel | −112 |
| Adjusted purchase price | 3,244 |
| Incidental acquisition costs | 26 |
| Acquisition costs for the National Starch businesses | 3,270 |
| Book values of the acquired assets and liabilities | −628 |
| **Provisional difference** | **2,642** |

The acquisition of the Adhesives and Electronic Materials businesses of National Starch has had the following influence on the assets and liabilities of the Henkel Group, these calculations having been based on the audited or, in some cases, still provisional opening balance sheets (before purchase price allocation in each case):

**BOOK VALUE OF THE ACQUIRED ASSETS AND LIABILITIES**

| in million euros | Date of acquisition[1] |
|---|---|
| Non-current assets | 477 |
| Current assets | 704 |
| Liquid funds/Marketable securities less bank debt | 20 |
| Non-current liabilities/Long-term provisions | 151 |
| Current liabilities/Short-term provisions | 422 |
| **Book value of the acquired assets and liabilities** | **628** |

[1] In the case of minor parts of the acquisition, the date of acquisition deviates from April 3, 2008.

From April 3, 2008 to September 30, 2008, the Adhesives and Electronic Materials businesses acquired from National Starch contributed 787 million euros to Henkel Group sales. Net earnings from these businesses realized over the same period, after adjusting for restructuring charges of 32 million euros, amounted to 33 million euros. If the acquired businesses had been consolidated as of January 1, 2008, Henkel sales in the reporting period from January 1 to September 30, 2008 would have increased by 1,194 million euros, and the net earnings for the half year would have been 41 million euros higher.

## Integration of Business Activities

As a result of the integration of the National Starch businesses, Henkel will be able to significantly improve its product and service portfolio for both existing and potential customers in the global adhesives market. The integration of customer relationships, the extended know-how in research and development and the combination of the capabilities of two such internationally successful organizations will create an outstanding basis for sustainable, profitable growth.

The integration process continues to progress to schedule. In the first phase, joint project teams comprising employees from Henkel and National Starch identified concepts geared to realizing the synergies arising from the acquisition, confirming in the process the validity of the planned synergy effects in the amount of 250 million euros by 2011. The first three tiers of the new organization were also defined and the corresponding management positions were duly filled.

In the next phase of integration, we intend to concentrate on realizing the identified synergies. The first wave of measures has already been implemented with respect to both cost- and sales-related synergies. As a result, initial synergy benefits have already begun accruing in this third quarter; the target of 20 million euros for fiscal 2008 remains unchanged. Further major steps in the realization of the synergies are to be announced by the end of the year.

The priorities during the realization phase will be to secure the permanently high quality of our products and services and to communicate with and support our customers. Even in the current phase, our aim remains to strengthen and expand our positions in the market.

## Earnings per Share

In calculating earnings per share for the period January through September 2008, a proportionate dividend was assumed on the basis of the payout made by Henkel AG & Co. KGaA[1] for fiscal 2007, as there are no resolutions on the distribution of unappropriated profit during the year.

Taking into account the Stock Incentive Plan, there was a dilution in earnings per ordinary share and per preferred share as of September 30, 2008 of 1 eurocent less than basic EPS.

### EARNINGS PER SHARE

| | | 1 – 9/2007 | 1 – 9/2008 |
|---|---|---|---|
| **Net earnings for the nine months after minority interests** | **in mill. euros** | **677** | **358** |
| Number of outstanding ordinary shares | | 259,795,875 | 259,795,875 |
| **Basic earnings per ordinary share** | **in euros** | **1.56** | **0.82** |
| Number of outstanding preferred shares[1] | | 172,945,828 | 173,237,742 |
| **Basic earnings per preferred share** | **in euros** | **1.57** | **0.83** |
| Dilutive effect arising from Stock Incentive Plan | | 424,950 | 413,405 |
| Number of potentially outstanding preferred shares[2] | | 173,370,778 | 173,651,147 |
| **Diluted earnings per ordinary share** | **in euros** | **1.56** | **0.81[3]** |
| **Diluted earnings per preferred share** | **in euros** | **1.57** | **0.82[3]** |

[1] weighted average of preferred shares
[2] weighted average of preferred shares (adjusted for the potential number of shares arising from the Stock Incentive Plan)
[3] based on earnings after minority interests of 352 million euros (in accordance with IAS 33.59)

## Changes in Treasury Stock

The treasury stock held by the company as of September 30, 2008 amounted to 4,841,790 preferred shares. This represents 1.11 percent of the capital stock and a proportional nominal value of 4.8 million euros.

As a result of the options exercised under the Stock Incentive Plan, treasury stock decreased during the period January through September 2008 by 189,000 preferred shares, representing a proportional nominal value of 0.2 million euros (0.04 percent of capital stock).

## Accounting and Valuation Policies

The interim consolidated financial statements of the Henkel Group for the quarter and for the first nine months of the year, like the consolidated financial statements for fiscal 2007, have been prepared in accordance with International Financial Reporting Standards (IFRS) and consequently in compliance with IAS 34 "Interim Financial Reporting". The same accounting and valuation principles have been applied as in the case of the 2007 consolidated annual financial statements. Due to developments in interest rates, we revalued our pension and similar obligations and also the associated fund assets as of September 30, 2008. For the euro zone we applied a rate of 6.3 percent and for the US obligations 7.9 percent. The changes to IAS 39 "Financial Instruments: Recognition and Measurement" introduced and approved by the EU in October 2008 relating to the reclassification of financial assets have not had any effect on the financial statements of the Henkel Group for the quarter or the first nine months of fiscal 2008. The annual financial statements for the period January through September 2008 were not subjected to an auditors' review.

## Scope of Consolidation

In addition to Henkel AG & Co. KGaA[1], the consolidated financial statements as of September 30, 2008 include 12 domestic German and 236 foreign companies in which Henkel AG & Co. KGaA has the power to govern the financial and operating policies, based on the concept of control. This is generally the case where Henkel AG & Co. KGaA holds, directly or indirectly, a majority of the voting rights. Companies in which not more than half of the shares are held are fully consolidated if Henkel AG & Co. KGaA has the power, directly or indirectly, to govern their financial and operating policies

The investment in Ecolab Inc., St. Paul, Minnesota, USA, is accounted for by the at-equity method.

[1] The change in the company name to Henkel AG & Co. KGaA became effective as of the end of the 2008 Annual General Meeting on April 14, 2008.

# Calendar

**Press Conference for Fiscal 2008**
**and Analysts' Conference 2009:**
**Wednesday, February 25, 2009**

**Annual General Meeting of**
**Henkel AG & Co. KGaA 2009:**
**Monday, April 20, 2009**

**Publication of Report**
**for the First Quarter 2009:**
**Wednesday, May 6, 2009**

**Publication of Report**
**for the Second Quarter/Half Year 2009:**
**Wednesday, August 5, 2009**

**Publication of Report**
**for the Third Quarter/Nine Months 2009:**
**Wednesday, November 11, 2009**

**Fall Press and Analysts' Conference 2009:**
**Wednesday, November 11, 2009**

Up-to-date facts and figures on Henkel also available on the internet: www.henkel.com

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