

Information for Our Shareholders

on Business Performance in the Third Quarter 2001

Henkel

Persil, leader in product innovation, has opened a new segment in the heavy-duty detergents market: pre-portioned liquid detergents. On January 2, 2002, Persil LIQUITS and Persil COLOR LIQUITS will be launched in Germany. These will be the first heavy-duty detergents to combine the advantages of a liquid with the simplicity of a tab. The key lies in packing the highly concentrated product in individual pouches, which dissolve completely and residue-free in the washing machine after just a few minutes.

: Innovation



Henkel focuses on brands and technologies

● *Future-oriented decisions on*

business portfolio

● *Weak economic climate affects*

sales and profits

● *European business bolsters*

performance

Sales and Profits

Despite the difficult economic environment the Henkel Group increased third quarter 2001 sales compared with the previous year.

Operating profit (EBIT) for the third quarter 2001 was burdened by a loss of EUR 7 million arising from the devaluation of the Turkish lira. The return on capital employed (ROCE) in the third quarter amounted to 12.4 percent. For January through September 2001, ROCE was 13.0 percent. These figures were below previous year.

Net earnings for the third quarter were 7.9 percent down on previous year. In the first nine months of 2001, however, net earnings increased by 1.7 percent. Earnings per share for the third quarter fell by 8.6 percent to EUR 0.64. For the first nine months of 2001, earnings per share registered an increase of 2.2 percent to EUR 2.33.

Major Events

Henkel KGaA has concluded an agreement with the investor consortium Schroder Ventures and Goldman Sachs Capital Partners regarding the sale of its chemicals business Cognis. In view of the difficult situation on the world

financial markets after the tragic events in the United States, the investor group was granted the right to withdraw from the contract over a period of two months. Closing of the deal is planned for the end of November.

In September 2001, Henkel and Ecolab agreed to accelerate the combination of the 50 percent stake in the Henkel-Ecolab joint venture with Ecolab Inc. Closing will be on November 30, 2001.

Henkel is reorganizing its business portfolio. From January 2002, Consumer Adhesives will be run as a separate business sector. The divisions Industrial Adhesives, Engineering Adhesives (Loctite) and Surface Technologies will form the new business sector Technologies. These measures underline Henkel's position as a leading brand-name products company and facilitate the realization of potential synergies in its industrial businesses.

Regional Development

Sales in the European region (including Africa and the Middle East) grew in the third quarter. Given the current economic environment, the growth rate of 4.7 percent achieved in the first nine months is satisfactory. Operating profit for the third quarter was close to the previous year's level. A satisfactory profit increase of 3.8 percent was achieved for the January through September period.

In North America acquisitions resulted in further sales growth. The Dexter and Atofina acquisitions strengthened the positions of the Adhesives and the Industrial and Institutional Hygiene/Surface Technologies business sectors, respectively. Due mainly to the cyclical downturn operating profits of Adhesives and Surface Technologies showed a decline. This applies both to the third quarter and to the January through September period.

There was a slight sales decline in Latin America during the third quarter. On a nine-month comparison, sales grew by 20 percent. The region has been strengthened by the heavy-duty detergents business acquired from Colgate last year. Operating profit declined.

Third quarter sales in the Asia-Pacific region were at the same level as in the previous year. In the first nine months, however, sales were significantly higher com-

Henkel Group

	3rd quarter 2000	3rd quarter 2001	Change
Sales	3,256	3,330	2.3%
EBIT	242	216	- 10.7 %
Return on sales (EBIT)	7.4%	6.5%	- 0.9 pp

pp = percentage points

	1st - 3rd quarter 2000	1st - 3rd quarter 2001	Change
Sales	9,440	10,015	6.1 %
EBIT	704	679	- 3.6 %
Return on sales (EBIT)	7.5 %	6.8 %	- 0.7 pp

Change in sales 3rd quarter from	2.3 %
Existing business	- 0.2 %
Acquisitions/Divestments	3.0 %
Effect of exchange rate fluctuations	- 0.5 %

Change in sales 1st - 3rd quarter from	6.1 %
Existing business	1.6 %
Acquisitions/Divestments	4.0 %
Effect of exchange rate fluctuations	0.5 %

pared with the same period last year. Operating profit in the third quarter fell compared with the previous year.

Employees

As of September 30, 2001, the number of employees at the Henkel Group was 60,400. The proportion of Henkel employees working outside Germany was 74 percent.

Major Participations

Ecolab Inc., St. Paul, Minnesota, USA, in which Henkel holds a participating interest of 27.6 percent (as of Oct. 31, 01), registered a 2.6 percent sales growth to US\$ 616 million in the third quarter of 2001. The events of and post September 11 in the United States resulted in a dramatic decline in business with the hospitality and travel industries. Net income for the third quarter fell by 5.1 percent to US\$ 57 million.

The Clorox Company, Oakland, California, USA, in which Henkel holds a participating interest of 26.6 percent, recorded sales for the first quarter of fiscal 2002 of US\$ 991 million. This represents an increase of 2.9 percent compared with the previous year. Clorox benefited

from a higher level of demand and market share gains in its Household Products and Specialty Products segments. Due to the restructuring program in the amount of US\$ 200 million, first quarter 2002 earnings were negatively impacted by US\$ 40 million. Henkel already provisioned for the total charges arising from this restructuring program in its first-quarter 2001 figures. Net earnings for the quarter at Clorox fell by 19.4 percent to US\$ 79 million.

Outlook

Due to the unpredictable world economic environment a forecast on the fourth quarter is extremely difficult. The situation for Adhesives and Industrial and Institutional Hygiene/Surface Technologies remains challenging, while Henkel expects a continued positive development in its brand-name products businesses. For the full year 2001 Henkel anticipates operating profit to decline by 5 to 7 percent. Net earnings and earnings per share will be slightly down on previous year. This forecast does not take into account a gain from the sale of Cognis.

Adhesives

	3rd quarter 2000	3rd quarter 2001	Change
Sales	735	767	4.4 %
EBIT	63	36	- 42.9 %
Return on sales (EBIT)	8.6 %	4.7 %	- 3.9 pp

pp = percentage points

	1st - 3rd quarter 2000	1st - 3rd quarter 2001	Change
Sales	2,140	2,322	8.5 %
EBIT	193	145	- 24.9 %
Return on sales (EBIT)	9.0 %	6.2 %	- 2.8 pp

Change in sales 3rd quarter from	4.4 %
Existing business	- 1.5 %
Acquisitions/Divestments	6.3 %
Effect of exchange rate fluctuations	- 0.4 %

Change in sales 1st - 3rd quarter from	8.5 %
Existing business	- 0.7 %
Acquisitions/Divestments	8.2 %
Effect of exchange rate fluctuations	1.0 %

Business Development

The **Adhesives** business sector registered a slight decline in organic growth during the third quarter. The sales increases in the third quarter 2001 and in the first nine months are essentially attributable to the Dexter acquisition.

Continuing economic weakness in Europe, North America and Asia affected business with consumer and engineering adhesives. In addition, higher raw material prices burdened profits of consumer and industrial adhesives. Overall there was a significant decline in operating profits both for the third quarter and for the first nine months of this year.

Sales of consumer and craftsmen adhesives in the third quarter were almost at prior year level. The main reasons for the lack of growth were the continuing poor state of the construction industry in Europe, a further decline in demand for wallpaper pastes and household adhesives in Germany, and the economic crisis in Turkey. The business with Duck adhesive tapes, glue sticks and roller products in North America continued to perform well.

Sales of engineering adhesives rose 11 percent in the third quarter due to the acquisition of the specialty polymers business of Dexter. The existing business remained at the previous year's level, and this in spite of the worldwide downturn in the electronics industry and the recessive automotive market in North America. The performance of the automotive business in Europe was positive.

Industrial and packaging adhesives registered a 6 percent increase in sales in the third quarter. Business in the hygiene and insulating glass segments performed well, while growth in the general industry segment declined. In Europe, the newly launched synthetic labeling adhesives were well received by the market.

Outlook

We anticipate a recovery in our business activities with the construction, electronics and automotive industries in six months at the earliest. In the case of industrial adhesives, we expect a slight increase in margins in the fourth quarter due to improving raw material prices.

Cosmetics/Toiletries

	3rd quarter 2000	3rd quarter 2001	Change
Sales	512	505	- 1.4 %
EBIT	31	35	12.9 %
Return on sales (EBIT)	6.1 %	6.9 %	+ 0.8 pp

pp = percentage points

	1st - 3rd quarter 2000	1st - 3rd quarter 2001	Change
Sales	1,491	1,555	4.3 %
EBIT	95	103	8.4 %
Return on sales (EBIT)	6.4 %	6.6 %	+ 0.2 pp

Change in sales 3rd quarter from	- 1.4 %
Existing business	- 0.3 %
Acquisitions/Divestments	0.1 %
Effect of exchange rate fluctuations	- 1.2 %

Change in sales 1st - 3rd quarter from	4.3 %
Existing business	4.2 %
Acquisitions/Divestments	0.7 %
Effect of exchange rate fluctuations	- 0.6 %

Business Development

The **Cosmetics/Toiletries** business sector reported a slight decline in sales growth in the third quarter. Reasons for this were a downturn in business performance in France, Israel and Turkey, as well as currency devaluations in the Asia-Pacific region. However, in the first nine months of this year, Cosmetics/Toiletries produced a growth rate of 4.3 percent.

Operating profit for the third quarter rose by 12.9 percent. This is largely due to the positive business development in Germany, Russia and Benelux. Included in third quarter profits are gains from the sale of smaller brands. However, restructuring measures in distribution and marketing had a negative effect on earnings in China.

In the January through September period, the business sector achieved a profit increase of 8.4 percent, thus exceeding sales growth.

The brand-name cosmetics business registered a slight decline in sales in the third quarter. Sales growth in hair cosmetics was encouraging with colorants leading the way. "Vision", an innovative premium hair colorant, was successfully launched. Due to competitive reasons

sales in body and facial care were down on the previous year. In the oral hygiene segment, the innovation Thera-med Perfect was launched internationally. After adjustment for divestments, sales at Oral Care were down on the figure for the third quarter of 2000.

The salon products business generated an increase in sales of 1 percent. Business in the major European countries developed well. Sales in Germany suffered from the downward trend in the salon market.

Outlook

After a slow third quarter we expect the fourth quarter to show an upturn in business activity. The premium hair colorant Vision and the international launch of Thera-med Perfect are likely to contribute significantly to this improvement. We anticipate a satisfactory increase in sales and a high single-digit rise in earnings for the full year 2001.

Laundry & Home Care

	3rd quarter 2000	3rd quarter 2001	Change
Sales	762	791	3.8 %
EBIT	62	60	- 3.2 %
Return on sales (EBIT)	8.1 %	7.6 %	- 0.5 pp

pp = percentage points

	1st - 3rd quarter 2000	1st - 3rd quarter 2001	Change
Sales	2,123	2,328	9.7 %
EBIT	158	165	4.4 %
Return on sales (EBIT)	7.4 %	7.1 %	- 0.3 pp

Change in sales 3rd quarter from	3.8 %
Existing business	0.3 %
Acquisitions/Divestments	3.9 %
Effect of exchange rate fluctuations	- 0.4 %

Change in sales 1st - 3rd quarter from	9.7 %
Existing business	3.1 %
Acquisitions/Divestments	6.3 %
Effect of exchange rate fluctuations	0.3 %

Business Development

Mainly due to acquisitions, the **Laundry & Home Care** business sector was able to record an increase in sales of 3.8 percent in the third quarter 2001. The growth in sales for the first nine months of this year amounted to almost 10 percent, of which 3.1 percent were organic.

Good performance in Italy, Eastern Europe, Egypt and Saudi Arabia in the third quarter compensated for slight decreases in sales due to stagnating demand in France, Spain and Germany. In Latin America, the acquisition of the Viva brand in Mexico resulted in a high sales growth.

EBIT for the third quarter was 3.2 percent below the record level of the third quarter 2000. The slight decrease is due in particular to the continuing economic difficulties in Turkey, the joint venture in Algeria and losses in Mexico. For the January through September period, EBIT exceeded the already high nine-month figure of the previous year by 4.4 percent.

Sales in heavy-duty detergents increased in the third quarter by 9 percent. The brands Persil and Spee in Germany, Rex in Eastern Europe and Super Croix in France gained market shares. The market positions in Russia and Mexico could also be significantly expanded.

Sales in special detergents fell by 4 percent against the previous year's figure. This downturn is due to the Svit brand and lower sales in Turkey. The Black Magic brand continued to develop well.

Due to the negative impact of the situation in Turkey, sales of household cleaners did not quite reach the level of the previous year. The dishwashing detergents business performed well in Italy, France and Eastern Europe.

Outlook

Growth is expected to continue during the fourth quarter, bolstered by a number of innovative products. We forecast high single-digit growth rates both in sales and earnings for fiscal 2001.

Industrial and Institutional Hygiene/Surface Technologies

	3rd quarter 2000	3rd quarter 2001	Change
Sales	487	516	6.0 %
EBIT	41	34	- 17.1 %
Return on sales (EBIT)	8.4 %	6.6 %	- 1.8 pp

pp = percentage points

	1st - 3rd quarter 2000	1st - 3rd quarter 2001	Change
Sales	1,438	1,525	6.1 %
EBIT	121	109	- 9.9 %
Return on sales (EBIT)	8.4 %	7.1 %	- 1.3 pp

Change in sales 3rd quarter from	6.0 %
Existing business	2.2 %
Acquisitions/Divestments	4.0 %
Effect of exchange rate fluctuations	- 0.2 %

Change in sales 1st - 3rd quarter from	6.1 %
Existing business	2.0 %
Acquisitions/Divestments	3.4 %
Effect of exchange rate fluctuations	0.7 %

The sales increase at **Industrial and Institutional Hygiene/Surface Technologies** recorded for the third quarter is primarily due to the acquisitions of Atofina and Vagnone & Boeri.

Industrial and Institutional Hygiene

Third quarter sales were up 4 percent on the previous year. Business conducted via the trade remained weak. The launch of ECOPLUS, however, a new generation of block-shaped dishwasher cleaners for the institutional hygiene segment was successful. The Textile Hygiene unit recorded third quarter sales at the level of the previous year, while business at P3/Food & Beverage Hygiene exhibited considerable growth. The Industrial and Institutional Hygiene division reached a substantial improvement in operating profit over the third quarter of the previous year and succeeded in easing the pressure on margins through strict cost control and price increases.

Outlook

For 2001, we expect a slight increase in sales, but earnings will be lower than last year.

Surface Technologies

Sales at Surface Technologies were 7 percent up on the figure for the third quarter of the previous year. This plus is attributable to acquisitions. The continuing economic downturn in North America and the recessions in Turkey, the Mercosul region, Japan and Australia impacted business. In these markets we registered a double-digit decrease in sales. Our activities in Europe (with the exception of Turkey and the UK) and in China produced good growth rates.

Lower sales in key markets characterized by high market shares resulted in significantly lower operating profits. Price increases to offset rising manufacturing costs could only be implemented to a limited extent. Profits were further reduced by restructuring charges related to the Atofina acquisition in the United States.

Outlook

We anticipate a sustained recovery in the important core markets of the automotive and components industries in six months at the earliest. Sales for the year are likely to rise significantly due to acquisitions, but earnings will be down on the prior year.

Chemical Products (Cognis)

	3rd quarter 2000	3rd quarter 2001	Change
Sales	739	732	- 0.9 %
EBIT	53	67	26.4 %
Return on sales (EBIT)	7.2 %	9.2 %	2.0 pp

pp = percentage points

	1st - 3rd quarter 2000	1st - 3rd quarter 2001	Change
Sales	2,181	2,231	2.3 %
EBIT	165	183	10.9 %
Return on sales (EBIT)	7.6 %	8.2 %	0.6 pp

Change in sales 3rd quarter from	- 0.9 %
Existing business	- 0.8 %
Acquisitions/Divestments	0.3 %
Effect of exchange rate fluctuations	- 0.4 %

Change in sales 1st - 3rd quarter from	2.3 %
Existing business	0.8 %
Acquisitions/Divestments	0.4 %
Effect of exchange rate fluctuations	1.1 %

Business Development

The legally independent chemicals business **Cognis** experienced slightly lower sales in the third quarter of 2001. By contrast, sales increased by 2.3 percent in the first nine months of this fiscal year.

Despite cyclical economic weakness, business in the first two months of the third quarter continued its positive development. However, due to a further deterioration in the economic climate, sales in September were significantly down on the level of the previous year. The restructuring program introduced in the USA in spring of this year showed significantly positive effects during the third quarter.

Operating profit showed a double-digit growth rate against both the third quarter and the first nine months of last year. The better performance also led to an improvement in return on sales.

Oleochemicals

Despite negative economic data coming from the USA and Europe, business at Oleochemicals held up well, producing a sales plus of 1 percent in the third quarter. Demand is still at a good level.

Care Chemicals

Sales at Care Chemicals rose by 1 percent. Specialty Surfactants performed well and new product concepts at Skin Care also contributed to sales growth.

Organic Specialties

Organic Specialties registered a decline in sales of 4 percent in the third quarter. This is primarily due to the mining and specialty products businesses in the USA.

Outlook

For 2001, we forecast a satisfactory increase in sales and profits for Cognis.

Segment Information by Business Sector Third Quarter 2001

	Adhesives	Cosmetics/ Toiletries	Laundry & Home Care	Hygiene/ Surface Technologies	Cognis	Other	Group
Sales July-Sept. 2001	767	505	791	516	732	19	3,330
Change in percent	4.4	- 1.4	3.8	6.0	- 0.9	- 9.5	2.3
Share of Group sales	23.0	15.2	23.8	15.5	22.0	0.5	100.0
Sales July-Sept. 2000	735	512	762	487	739	21	3,256
EBITDA July-Sept. 2001	89	62	91	58	105	- 15	390
EBITDA July-Sept. 2000	110	58	89	63	89	- 8	401
Change in percent	- 19.1	6.9	2.2	- 7.9	18.0	-	- 2.7
Return on Sales (EBITDA) in percent July-Sept. 2001	11.6	12.3	11.5	11.2	14.3	-	11.7
Return on Sales (EBITDA) in percent July-Sept. 2000	15.0	11.3	11.7	12.9	12.0	-	12.3
EBITA July-Sept. 2001	62	50	62	38	69	- 17	264
EBITA July-Sept. 2000	87	42	65	45	55	- 9	285
Change in percent	- 28.7	19.0	- 4.6	- 15.6	25.5	-	- 7.4
Return on Sales (EBITA) in percent July-Sept. 2001	8.1	9.9	7.8	7.4	9.4	-	8.0
Return on Sales (EBITA) in percent July-Sept. 2000	11.8	8.2	8.5	9.2	7.4	-	8.8
EBIT July-Sept. 2001	36	35	60	34	67	- 16	216
EBIT July-Sept. 2000	63	31	62	41	53	- 8	242
Change in percent	- 42.9	12.9	- 3.2	- 17.1	26.4	-	- 10.7
Return on sales (EBIT) in percent July-Sept. 2001	4.7	6.9	7.6	6.6	9.2	-	6.5
Return on sales (EBIT) in percent July-Sept. 2000	8.6	6.1	8.1	8.4	7.2	-	7.4
ROCE in percent July-Sept. 2001	7.8	16.2	21.5	15.4	14.9	-	12.4
Capital employed July-Sept. 2001	3,180	1,235	1,156	987	1,848	119	8,525
Cap. expenditures (excl. fin. assets) July-Sept. 2001	37	12	50	20	34	3	156
Cap. expenditures (excl. fin. assets) July-Sept. 2000	29	27	69	17	28	2	172
Research & Development costs (R&D) July-Sept. 2001	25	9	18	13	18	6	89
R&D as % of sales	3.3	1.8	2.3	2.5	2.5	-	2.7
Research & Development costs (R&D) July-Sept. 2000	21	8	17	12	19	4	81
R&D as % of sales	2.9	1.6	2.2	2.5	2.6	-	2.5

Henkel Group Key Data by Region Third Quarter 2001

in EUR million	Europe/Africa/ Middle East	North America	Latin America	Asia/ Pacific	Group
Sales Q 3/2001	2,321	563	157	289	3,330
Sales Q 3/2000	2,260	547	159	290	3,256
Change in percent	2.7	2.9	- 1.3	- 0.3	2.3
EBIT Q 3/2001	218	- 4	- 1	3	216
EBIT Q 3/2000	216	8	7	11	242
Change in percent	0.9	n.a.	n.a.	- 72.7	- 10.7
Return on sales (EBIT) Q 3/2001 in percent	9.4	-	-	1.0	6.5
Return on sales (EBIT) Q 3/2000 in percent	9.6	1.5	4.4	3.8	7.4

n.a. = not applicable

Segment Information by Business Sector 1st – 3rd Quarter 2001

	Adhesives	Cosmetics/ Toiletries	Laundry & Home Care	Hygiene/ Surface Technologies	Cognis	Other	Group
Sales Jan.-Sept. 2001	2,322	1,555	2,328	1,525	2,231	54	10,015
Change in percent	8.5	4.3	9.7	6.1	2.3	- 19.4	6.1
Share of Group sales	23.2	15.5	23.2	15.2	22.3	0.6	100.0
Sales Jan.-Sept. 2000	2,140	1,491	2,123	1,438	2,181	67	9,440
EBITDA Jan.-Sept. 2001	305	178	257	179	289	- 24	1,184
EBITDA Jan.-Sept. 2000	331	170	238	187	268	- 26	1,168
Change in percent	- 7.9	4.7	8.0	- 4.3	7.8	-	1.4
Return on sales (EBITDA) in percent Jan.-Sept. 2001	13.1	11.4	11.0	11.7	13.0	-	11.8
Return on sales (EBITDA) in percent Jan.-Sept. 2000	15.5	11.4	11.2	13.0	12.3	-	12.4
EBITA Jan.-Sept. 2001	224	142	173	121	188	- 27	821
EBITA Jan.-Sept. 2000	260	128	164	132	170	- 28	826
Change in percent	- 13.8	10.9	5.5	- 8.3	10.6	-	- 0.6
Return on sales (EBITA) in percent Jan.-Sept. 2001	9.6	9.1	7.4	7.9	8.4	-	8.2
Return on sales (EBITA) in percent Jan.-Sept. 2000	12.1	8.6	7.7	9.2	7.8	-	8.8
EBIT Jan.-Sept. 2001	145	103	165	109	183	- 26	679
EBIT Jan.-Sept. 2000	193	95	158	121	165	- 28	704
Change in percent	- 24.9	8.4	4.4	- 9.9	10.9	-	- 3.6
Return on sales (EBIT) in percent Jan.-Sept. 2001	6.2	6.6	7.1	7.1	8.2	-	6.8
Return on sales (EBIT) in percent Jan.-Sept. 2000	9.0	6.4	7.4	8.4	7.6	-	7.5
ROCE in percent Jan.-Sept. 2001	9.4	15.3	21.6	17.3	13.4	-	13.0
Capital employed Jan.-Sept. 2001	3,190	1,236	1,068	932	1,864	135	8,425
Cap. expenditures (excl. fin. assets) Jan.-Sept. 2001	95	36	106	130	98	4	469
Cap. expenditures (excl. fin. assets) Jan.-Sept. 2000	163	105	106	53	105	3	535
Research & Development costs (R&D) Jan.-Sept. 2001	73	27	53	39	56	19	267
R&D as % of sales	3.1	1.7	2.3	2.6	2.5	-	2.7
Research & Development costs (R&D) Jan.-Sept. 2000	60	25	50	36	51	12	234
R&D as % of sales	2.8	1.7	2.4	2.5	2.3	-	2.5

Henkel Group Key Data by Region 1st – 3rd Quarter 2001

in EUR million	Europe/Africa/ Middle East	North America	Latin America	Asia/ Pacific	Group
Sales Jan.-Sept. 2001	6,939	1,725	495	856	10,015
Sales Jan.-Sept. 2000	6,627	1,598	413	802	9,440
Change in percent	4.7	7.9	19.9	6.7	6.1
EBIT Jan.-Sept. 2001	634	21	10	14	679
EBIT Jan.-Sept. 2000	611	44	21	28	704
Change in percent	3.8	- 52.3	- 52.4	- 50.0	- 3.6
Return on sales (EBIT) Jan.-Sept. 2001 in percent	9.1	1.2	2.0	1.6	6.8
Return on sales (EBIT) Jan.-Sept. 2000 in percent	9.2	2.8	5.1	3.5	7.5

Consolidated Balance Sheet	December 31, 2000		Sept. 30, 2001	
Intangible/tangible assets		5,373		5,282
Financial assets		922		963
Fixed assets		6,295		6,245
Inventories		1,711		1,802
Trade accounts receivable		2,302		2,413
Other receivables and miscellaneous assets		622		552
Liquid funds/Marketable securities		155		185
Current assets		4,790		4,952
Deferred tax assets		297		310
Total assets		11,382		11,507
Equity excluding minority interests		3,223		3,320
Minority interests		277		286
Equity including minority interests		3,500		3,606
Provisions for pensions and similar obligations		1,984		2,049
Other provisions		1,076		1,089
Provisions for deferred tax liabilities		200		212
Provisions		3,260		3,350
Borrowings		2,963		2,782
Trade accounts payable		1,117		1,108
Other liabilities		542		661
Liabilities		4,622		4,551
Total equity and liabilities		11,382		11,507

Consolidated Statement of Income	3rd quarter	3rd quarter	1st – 3rd quarter	1st – 3rd quarter
	2000	2001	2000	2001
Sales	3,256	3,330	9,440	10,015
Cost of sales	1,752	1,890	5,106	5,540
Gross profit	1,504	1,440	4,334	4,475
Marketing, selling and distribution costs	906	915	2,646	2,789
Research and development costs	81	89	234	267
Administrative expenses	203	193	561	581
Other operating income	33	63	70	141
Other operating charges	43	21	81	98
Restructuring costs	19	21	56	60
Amortization of goodwill	43	48	122	142
Operating profit (EBIT)	242	216	704	679
Net income from participations	44	39	130	150
Net interest expense	- 86	- 82	- 216	- 236
Financial items	- 42	- 43	- 86	- 86
Earnings before tax	200	173	618	593
Taxes on income	- 86	- 68	- 259	- 228
Net earnings	114	105	359	365
Earnings per share (euro)	0.70	0.64	2.28	2.33

Cash Flow Statement	Jan.–Sept.	Jan.–Sept.
	2000	2001
Operating profit/EBIT	704	679
Income taxes paid	– 346	– 232
Depreciation of fixed assets (excl. financial assets)	464	505
Net gains from disposals of fixed assets (excl. financial assets)	– 9	– 38
Cash flow	813	914
Change in inventories	– 97	– 79
Change in receivables and miscellaneous assets	– 412	39
Change in liabilities and provisions	160	125
Net cash flow from operating activities	464	999
Net cash flow from investing activities ¹⁾	– 992	– 390
Net cash flow from financing activities ²⁾	537	– 580
Change in cash and cash equivalents	9	29
Effect of exchange rate changes on cash and cash equivalents	12	1
Change in cash and cash equivalents due to		
first-time inclusion of companies	15	–
Change in liquid funds and marketable securities	36	30
Liquid funds/marketable securities on January 1	141	155
Liquid funds/marketable securities on September 30	177	185
¹⁾ Capital expenditure on intangible assets	– 12	– 19
Capital expenditure on property, plant and equipment	– 295	– 349
Capital expenditure on financial assets/acquisitions	– 743	– 126
Proceeds from disposals of fixed assets	58	104
Net cash flow from investing activities	– 992	– 390
²⁾ Henkel KGaA dividends	– 131	– 157
Subsidiary company dividends (to other shareholders)	– 15	– 11
Interest and dividends received	83	157
Interest paid	– 178	– 209
Dividend and interest result	– 241	– 220
Change in borrowings	826	– 293
Repurchase of treasury shares	– 63	– 57
Other financing transactions	15	– 10
Net cash flow from financing activities	537	– 580

Notes to the Statement of Income, Balance Sheet and Cash Flow Statement Jan. – Sept. 2001

Financial items remained at the prior year level. Net income from participations increased by EUR 20 million. This is largely due to the sale of the 50 percent interest in the Japanese chemicals company San Nopco. Net interest expense increased by EUR 20 million due to higher borrowings. German income tax rates were reduced at the end of 2000, resulting in a lower corporate tax rate of 38.4 percent. Compared with December 31, 2000, the balance sheet total as of September 30, 2001 increased by approx. 1 percent. This is almost completely attributable to foreign exchange factors. Fixed assets decreased due to higher depreciation on intangible assets. Financial assets increased by approx. EUR 40 million due to the at equity participations Clorox and Ecolab. The increase in trade accounts receivable and inventories was less than the increase in sales. Due to better cash flow borrowings were EUR 181 million below the level of December 31, 2000 (currency-adjusted: EUR 293 million). Cash flow increased by 12 percent. This is predominantly due to lower income taxes paid. The EUR 29 million increase in net gains from the disposal of fixed assets mainly relates to property sales. Net cash flow from operating activities more than doubled. The programs introduced to reduce net working capital are showing positive results. Net cash flow from investing activities improved by approx. EUR 600 million compared with the previous year, mainly due to lower spendings for acquisitions.

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Next important dates:
Press Conference on Fiscal 2001
and Analysts' Meeting
Tuesday, March 5, 2002

Annual General Meeting of
Henkel KGaA
Monday, May 6, 2002

Annual General Meeting of
Henkel KGaA
Monday, April 14, 2003

Any forward-looking statements contained in this report represent our best judgement as to what will occur in the future. The Company's actual results could differ materially from those contained herein and will depend on a number of competitive and economic factors, some of which will be outside the control of the Company.