

Statement by Kasper Rorsted, CEO of Henkel

Conference Call

May 7, 2008, 3.00 p.m. CET

- Check against delivery –

Ladies and Gentlemen:

Welcome to our conference call.

Lothar Steinebach, our CFO, and I would like to give you a brief summary of our performance in the first quarter of this fiscal year. We will also be talking about our expectations for 2008 as a whole and progress on our two major projects, the National Starch integration and “Global Excellence”. Afterwards we will be glad to answer your questions.

Please note, that with regard to any forward-looking statement the presentations and discussions are conducted subject to our usual disclaimer. We will not read the disclaimer, but propose we take it as read into the records for the purpose of this conference call. Copies of the speech and presentation containing the formal disclaimer can be accessed via our website at henkel.com/ir.

This is the first time I am speaking to you in my new capacity. Communications with you is of particular importance for me and I look forward to additional opportunities such as this in the future.

Naturally, I would have preferred a start in a more favorable economic environment. The financial markets are in a depressed state and in America there are increasing signs of a mild recession. In addition, we of course are also affected by the weakness of the dollar and the high price of oil.

Nevertheless, we are more than satisfied with the results we achieved in the first quarter of this year.

Despite the adverse economic climate, we continued to grow. In our growth regions, organic sales growth was a very good 16.2 percent. Earnings per share increased by 6.3 percent. And, what’s particularly important to me, the two projects, National Starch and Global Excellence, are progressing to plan.

In specific terms:

After adjusting for negative foreign exchange of 4 percent, we increased sales by 1.7 percent.

Our organic growth – that is to say the increase in sales adjusted for foreign exchange, acquisitions and divestments – was 3.3 percent compared to a strong prior-year quarter.

At 320 million euros, operating profit – our EBIT figure – remained at the same high level as in the previous year. After adjusting for foreign exchange, we improved our EBIT by 2.5 percent.

Net earnings for the quarter after minority interests rose by 6.8 percent to 219 million euros.

Earnings per preferred share increased by 6.3 percent to 51 eurocents.

Now let me come to some of the topical issues affecting us, and in particular the integration of the National Starch businesses.

This project is the number one priority for us and we are giving it our utmost attention. As you know, the acquisition closed on April 3. On the very same day we welcomed our new colleagues at over 50 sites throughout the world. At these events, we succeeded in personally addressing almost all of the more than 5,500 new employees.

Moreover, it took us just four weeks to define and communicate the managerial positions of the merged businesses. In all, around 120 managers were assigned their new functions.

The high speed at which the integration process is proceeding is also evident from another example: at numerous industrial shows that have taken place in the last four weeks – such as the World Adhesives Conference in Miami – we have already appeared as one company.

We expect synergies from the merger to be around 250 million euros per year with the full synergy potential being realized from 2011 on. These figures compare with one-time charges of around 250 million euros.

This acquisition has taken Henkel a major step forward – as did the acquisitions of Schwarzkopf, Loctite and Dial, and it puts Henkel today far out front as the world's leading adhesives supplier. This is an advantage for both us and our customers, who we can now serve even better.

Also of particular importance in the current fiscal year is, of course, the implementation of our worldwide "Global Excellence" program.

In February, we established the framework for this initiative which is aligned to enhance our efficiency and optimize our processes and structures.

As you know, we have defined projects in all our business sectors, regions and functions. Through these, we intend to sustainably strengthen the profitability and long-term competitiveness of Henkel.

The initiative will require one-time charges of 500 million euros. Our calculations indicate that, as a result, we will realize annual savings of 150 million euros from 2011 on. And we expect a major portion of the annual savings to start accruing as early as next year.

We anticipate that, taken together, the "Global Excellence" program and the integration of the National Starch businesses will generate annual savings of around 400 million euros from 2011 on, with a large portion of this annual amount already accruing in 2010.

Before I come to our outlook, I would just like to briefly mention the intended sale of all or part of our stake in Ecolab. The process we put in motion at the end of February is proceeding as planned. We will of course inform you as soon as details relating to the scope, date, method and form of the divestment have been finalized.

Now I would like to review our updated outlook for full fiscal 2008.

We are confident that – excluding the National Starch businesses – we will be able to meet the previously announced sales and profit targets.

Taking into account the acquired National Starch businesses, our sales and profit forecast now reads as follows:

We expect to achieve organic sales growth – after adjusting for foreign exchange, acquisitions and divestments – of 3 to 4 percent.

We expect to increase operating profit adjusted for restructuring charges and one-time gains and charges in the mid-teen percentage range.

And we expect earnings per preferred share adjusted for restructuring charges and one-time gains and charges to increase in the mid single-digit percentage range.

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

That brings me to the end of my statement on our performance in the first quarter of 2008. Allow me now to summarize:

We have started the new fiscal year well, despite a challenging market environment characterized by rising raw material prices and a weak US dollar.

With the fast integration of the National Starch businesses and with our “Global Excellence” initiative we further increase our global competitiveness. This way, we consistently expand our strong positions in the consumer goods and industrial businesses and increase shareholder value.

Ladies and Gentlemen, this is now the end of my statement. I would now like to hand over to Lothar Steinebach.

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