

A World of Customers



Quality from

Henkel

A Brand like a Friend

Henkel: Financial Highlights

in million euros	Q1/2007	Q1/2008	Change ¹⁾
Sales	3,237	3,162	-2.3 %
Operating profit (EBIT)	323	320	-0.9 %
Laundry & Home Care	117	104	-11.2 %
Cosmetics/Toiletries	82	89	8.0 %
Adhesives Technologies	149	153	2.3 %
Return on sales (EBIT)	in % 10.0	10.1	0.1 pp
Earnings before tax	293	301	2.7 %
Net earnings for the quarter	210	223	6.2 %
Net earnings after minority interests	205	219	6.8 %
Earnings per preferred share	in euros 0.48	0.51	6.3 %
Earnings per ordinary share	in euros 0.47	0.50	6.4 %
Return on capital employed (ROCE)	in % 14.6	15.3	0.7 pp
Capital expenditures on property, plant and equipment	107	108	0.9 %
Research and development expenses	85	86	1.2 %
Number of employees (as of March 31)	52,325	53,088	1.5 %

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

pp = percentage points

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Highlights First Quarter 2008

Key Financials

Organic sales growth:
plus 3.3 percent

Gross margin:
46.6 percent, plus 1.3 percentage points
versus Q4/2007

Operating profit (EBIT)
after adjusting for foreign exchange:
plus 2.5 percent

Earnings per preferred share (EPS):
plus 6.3 percent

Key Facts

Acquisition of the Adhesives and Electronic Materials businesses of National Starch successfully closed on April 3

“Global Excellence” restructuring program introduced to enhance long-term profitability

Stake in Ecolab to be partially or wholly divested

Double-digit organic sales increase in the growth regions (plus 16.2 percent)

Adjusted EBIT (adjusted for one-time gains and restructuring charges):
minus 4.2 percent

Net working capital reduced by 1 percentage point to 13.0 percent

Innovations



Persil/Le chat/Dixan/WIPP

Cleanliness at just 20 degrees celsius – now made possible by new stain removers. Compared to a 60-degree wash, laundering at 20 degrees enables consumers to reduce energy use by up to 72 percent.

Taft Power Cashmere Touch

First styling line to combine powerful hold with the suppleness of cashmere, providing enhanced care for dry and damaged hair.

Loctite Super Glue-3

The first instant adhesive with rubber particles, ensuring a powerful hold with in-built flexibility and a bond that is both water-proof and vibration-resistant.

Major Events

On February 6, 2008, we announced a change on our Management Board. Alois Linder (60), Executive Vice President Adhesives Technologies, will resign from this position at his own request effective September 30, 2008. His successor is Thomas Geitner (52), who has been a member of the Management Board since March 1, 2008 and will assume responsibility for the Adhesives Technologies business sector from October 1, 2008.

On February 27, 2008, we published the main framework of a program aligned to increasing efficiency called "Global Excellence". The initiative, with a volume of about 500 million euros, is designed to generate annual savings of around 150 million euros from 2011.

We also announced on February 27, 2008, that we have decided to undertake the divestiture of all or part of our stake in Ecolab Inc., St. Paul, Minnesota, USA.

On March 12, 2008, we received the 2008 "ESG Award" in recognition of our outstanding achievements toward sustainable development compared to the other companies in the DAX index. The award was given by the "German Association for Financial Analysis and Asset Management" (DVFA) and the business magazine "Wirtschaftswoche".

On March 13, 2008, we published our Sustainability Report for fiscal 2007. This report underlines the high level of environmental protection and occupational safety prevailing at Henkel as well as our commitment to meeting our corporate social responsibilities.

On April 3, 2008, we acquired the National Starch Adhesives and Electronic Materials businesses from Akzo Nobel. In 2007, these businesses generated sales of 1.25 billion pounds (about 1.83 billion euros). The purchase price was 2.7 billion pounds (about 3.7 billion euros).

At the end of the Annual General Meeting held on April 14, 2008, Kasper Rorsted became the new Chief Executive Officer of Henkel. He succeeds Prof. Dr. Ulrich Lehner who, having reached an internally agreed age of retirement, resigned his position as Chairman of the Management Board and sole personally liable partner. Lehner was appointed to the Shareholders' Committee.

Also on conclusion of the Annual General Meeting on April 14, 2008, Henkel Management AG, Düsseldorf, Germany, joined the company as its sole personally liable partner. The members of the Management Board of Henkel Management AG are the same as those who made up the former Management Board. The name of the company has changed from "Henkel KGaA" to "Henkel AG & Co. KGaA".

The Annual General Meeting also elected a new Supervisory Board and Shareholders' Committee. And: the Annual General Meeting approved a dividend increase of 3 cents for each class of share, giving a distribution of 0.51 euros per ordinary share and 0.53 euros per preferred share.

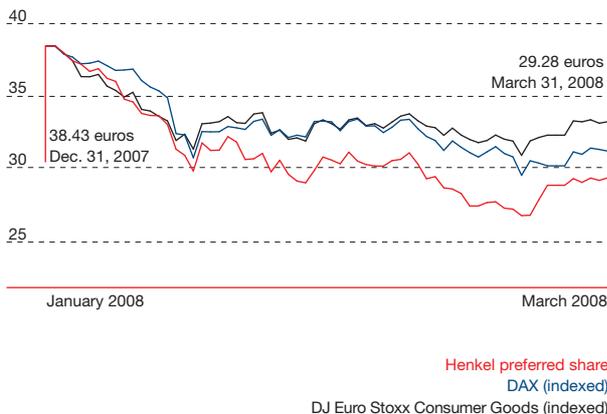
Share Performance

Within a weak overall market environment, the price of the Henkel preferred share fell in the first quarter of 2008 versus the closing price of the fourth quarter 2007 by 23.8 percent, from 38.43 euros to 29.28 euros. The DAX index as a whole lost 19.0 percent over the same period.

@ 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 Q1 2008

in euros



Report First Quarter 2008

Business Performance First Quarter 2008

As a result primarily from the unfavorable movements in foreign exchange, sales in the first quarter of 2008 underwent a slight decrease of 2.3 percent to 3,162 million euros. After adjusting for foreign exchange, sales increased by 1.7 percent. Organic growth, i.e. adjusted for foreign exchange and acquisitions/divestments, was a creditable 3.3 percent, despite the high prior-year base with a growth rate of 9.1 percent. This means that we are within the 3 to 4 percentage range of our guidance for 2008.

All our business sectors contributed to our organic sales growth. Organic growth of the Laundry & Home Care business sector was 2.8 percent, achieved despite an exceptionally high prior-year base of 11.9 percent largely attributable to our Persil centennial activities. Cosmetics/Toiletries continued the positive trend of previous quarters, posting a particularly dynamic growth rate of 6.1 percent. In the Adhesives Technologies business sector, organic growth amounted to 2.4 percent. Here, too, the comparative base from the previous year was very high with a rise of 9.1 percent resulting from strong growth in the construction sector. This in turn was due to the mild weather at the time.

Despite the continuing increase in raw material and packaging prices, we were able to hold our gross margin almost constant versus the prior-year quarter at 46.6 percent. This is largely due to our countermeasures enabling us to offset almost the entire rise in raw material and packaging costs. Compared to the fourth

PRICE AND VOLUME EFFECTS¹⁾

in percent	Organic sales growth	of which price	of which volume
Laundry & Home Care	2.8	0.8	2.0
Cosmetics/Toiletries	6.1	1.8	4.3
Adhesives Technologies	2.4	2.9	-0.5
Henkel Group	3.3	2.0	1.3

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

SALES¹⁾

in million euros	Q1
2008	3,162
2007	3,237
Change versus previous year	-2.3 %

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

EBIT¹⁾

in million euros	Q1
2008	320
2007	323
Change versus previous year	-0.9 %
After adjusting for foreign exchange	2.5 %

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

NET EARNINGS AFTER MINORITY INTERESTS

in million euros	Q1
2008	219
2007	205
Change versus previous year	6.8 %

quarter of 2007, gross margin increased by 1.3 percentage points. Marketing, selling and distribution expenses decreased slightly in absolute terms (-1.8 percent), although their share of sales increased by 0.3 percentage points to 29.2 percent. Our research and development expenses totaled 86 million euros. This corresponded to a share of sales of 2.7 percent (+0.1 percentage points). Administrative expenses decreased by 1.8 percent. The net balance from other operating income and charges rose from 3 million euros to 17 million euros. Of this, 8 million euros or almost half was due to the sale of the water treatment business of the Adhesives Technologies business sector.

Compared to the prior-year quarter, restructuring charges fell from 9 to 6 million euros.

Operating profit (EBIT) decreased by 0.9 percent to 320 million euros, although after adjusting for foreign exchange, it increased by 2.5 percent. After adjusting for restructuring charges and the gain from the sale of the water treatment business, adjusted operating profit ("adjusted EBIT") decreased by 4.2 percent from 332 million euros in the prior-year quarter to 318 million euros.

Return on sales (EBIT) of 10.1 percent was slightly above the level of the prior-year quarter. After adjust-

SALES DEVELOPMENT¹⁾

in percent	Q1
Change versus previous year	-2.3
Foreign exchange	-4.0
After adjusting for foreign exchange	1.7
Acquisitions/divestments	-1.6
Organic	3.3

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

RETURN ON SALES (EBIT)

in percent	Q1
2008	10.1
2007	10.0
Change versus previous year	0.1 pp

pp = percentage points

EARNINGS PER PREFERRED SHARE

in euros	Q1
2008	0.51
2007	0.48
Change versus previous year	6.3 %

ing for restructuring charges and the gain from the sale of the water treatment business, return on sales ("adjusted EBIT margin") decreased from 10.3 percent to 10.1 percent.

Return on capital employed (ROCE) increased by 0.7 percentage points to 15.3 percent, due primarily to a decrease in our capital employed.

Our net investment result, mainly attributable to income from our participation in Ecolab, remained constant at 19 million euros despite the weaker US dollar. Net interest improved by 11 million euros from -49 million euros to -38 million euros, primarily due to lower average net debt. Consequently, financial result likewise improved: by 11 million euros to -19 million euros. The tax rate fell from 28.3 percent to 25.9 percent.

Due to the improvement in financial result and lower taxes, net earnings for the quarter increased by 6.2 percent to 223 million euros. After minority interests totaling 4 million euros, net earnings for the quarter amounted to 219 million euros (+6.8 percent). Adjusted quarterly net earnings after minority interests rose by 3.3 percent to 218 million euros. Earnings per preferred share (EPS) increased by 6.3 percent to 0.51 euros. Adjusted earnings per preferred share rose by 2.0 percent, to 0.51 euros.

Regional Performance

HENKEL: KEY FIGURES BY REGION¹⁾, FIRST QUARTER 2008

in million euros	Europe/ Africa/ Middle East	North America	Latin America	Asia- Pacific	Corporate	Henkel
Regions						
Sales January – March 2008	2,119	559	169	256	59	3,162
Sales January – March 2007	2,116	652	164	247	58	3,237
Change versus previous year	0.1 %	–14.2 %	3.1 %	3.8 %	–	–2.3 %
After adjusting for foreign exchange	1.7 %	–3.1 %	8.8 %	9.4 %	–	1.7 %
Proportion of Henkel sales						
January – March 2008	67 %	18 %	5 %	8 %	2 %	100 %
Proportion of Henkel sales	65 %	20 %	5 %	8 %	2 %	100 %
January – March 2007	65 %	20 %	5 %	8 %	2 %	100 %
EBIT January – March 2008	248	64	17	17	–26	320
EBIT January – March 2007	247	78	11	12	–25	323
Change versus previous year	0.3 %	–18.2 %	49.4 %	41.6 %	–	–0.9 %
After adjusting for foreign exchange	1.2 %	–6.7 %	57.7 %	55.0 %	–	2.5 %
Return on sales (EBIT)						
January – March 2008	11.7 %	11.4 %	9.9 %	6.5 %	–	10.1 %
Return on sales (EBIT)	11.7 %	12.0 %	6.8 %	4.8 %	–	10.0 %
January – March 2007	11.7 %	12.0 %	6.8 %	4.8 %	–	10.0 %

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

Organic sales in the **Europe/Africa/Middle East** region increased by 4.2 percent, with all our business sectors contributing. Foreign exchange and the business divestments in the first quarter had a negative impact of 4.1 percent. In Eastern Europe, sales once again experienced a double-digit percentage increase. Western Europe including Germany was unable to maintain the good growth momentum of the prior-year quarter. Sales of Laundry & Home Care remained below the very strong prior-year level, which was heavily influenced by our activities marking Persil's brand centennial. The Adhesives Technologies business sector suffered from weakness in the consumer sector. We also sold our industrial water treatment business in this quarter. By contrast, our Cosmetics/Toiletries business continued to perform well. Operating profit for the region increased by 1.2 percent after adjusting for foreign exchange. Return on sales of 11.7 percent remained at the level of the prior-year quarter.

Organic sales in the **North America** region fell by 3.1 percent. The weakness of the US dollar led to negative foreign exchange effects amounting to 11.1 percent. Due to the prevailing market conditions, Adhesives Technologies and Laundry & Home Care experienced only sluggish growth. However, we were able to further expand our Cosmetics/Toiletries business. Operating

profit for the region decreased by 6.7 percent after adjusting for foreign exchange. Return on sales amounted to 11.4 percent.

Sales generated in the **Latin America** region rose by 8.8 percent after adjusting for foreign exchange. Organic growth amounted to 8.9 percent, with all our business sectors contributing. We increased operating profit after adjusting for foreign exchange by 57.7 percent, again with the support of all our business sectors. At 9.9 percent, return on sales was a gratifying 3.1 percentage points above the prior-year quarter.

In the **Asia-Pacific** region, organic sales increased by 9.4 percent. All our business sectors made a contribution to this improvement. After adjusting for foreign exchange, operating profit rose by 55.0 percent. Return on sales improved compared to the prior-year quarter by 1.7 percentage points to 6.5 percent.

In our **growth regions** of Eastern Europe, Africa, Middle East, Latin America and Asia (excluding Japan), we increased sales by 10.0 percent to 1,101 million euros. This corresponded to a share of consolidated sales of 35 percent. After adjusting for foreign exchange, sales rose by 14.6 percent. Organic growth amounted to 16.2 percent, with all our business sectors contributing.

Laundry & Home Care

SALES¹⁾

in million euros	Q1
2008	1,031
2007	1,069
Change versus previous year	-3.5 %

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

EBIT¹⁾

in million euros	Q1
2008	104
2007	117
Change versus previous year	-11.2 %
After adjusting for foreign exchange	-8.4 %

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

Despite a very strong prior-year quarter, organic sales of the **Laundry & Home Care** business sector increased by 2.8 percent. Foreign exchange and divestments had a negative effect of 6.3 percent. The weakness of the dollar and the intensity of the competitive environment had a particularly negative impact on our important business activities in North America. Our growth regions of Eastern Europe, Africa/Middle East, Asia and Latin America posted double-digit organic growth rates. By contrast, Western Europe underwent a decline. However, this was expected given that the first quarter of the previous year had been characterized by exceptionally high sales following the launch of the Persil brand centennial activities.

Raw material prices continued to increase in the reporting period, as they had in the previous months. This added considerably to our costs compared to the moderate figures that prevailed during the first quarter of 2007. Although we responded early with a series of countermeasures, we were unable to completely offset the significant increase in prices. Such countermeasures generally have a delayed effect on earnings. Consequently, after adjusting for foreign exchange, operating profit was 8.4 percent below the prior-year figure. Return on sales decreased by 0.8 percentage points to 10.1 percent. Return on capital employed (ROCE) declined by 0.3 percentage points to 16.2 percent.

SALES DEVELOPMENT¹⁾

in percent	Q1
Change versus previous year	-3.5
Foreign exchange	-3.2
After adjusting for foreign exchange	-0.3
Acquisitions/divestments	-3.1
Organic	2.8

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

RETURN ON SALES (EBIT)

in percent	Q1
2008	10.1
2007	10.9
Change versus previous year	-0.8 pp

pp = percentage points

We succeeded in further expanding our *Laundry* segment in organic terms, despite the strong prior-year base. This was due particularly to an increase in fabric softener sales achieved following the successful launch of a range of new fragrances. The biggest boost for our heavy-duty detergents business came once again from Eastern Europe. The major markets of Western Europe and North America continued to exhibit price sensitivity.

Sales of the *Home Care* segment, with its heavily fragmented and innovation-driven market, underwent appreciable growth. We achieved especially significant business expansion with our dishwashing detergents in Europe, and our hand dishwashing products experienced particularly high increases in our Africa/Middle East growth region. Our air fresheners also proved to be effective growth drivers in North America, with sales benefiting from a successful product innovation featuring automatically alternating fragrances.

Outlook

We continue to expect organic sales growth for 2008 to be above the market average. Given the countermeasures that we have introduced in response to the continuous rise in material costs, we expect to achieve a further increase in operating profit.

Cosmetics / Toiletries

SALES¹⁾

in million euros	Q1
2008	708
2007	704
Change versus previous year	0.6 %

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

EBIT¹⁾

in million euros	Q1
2008	89
2007	82
Change versus previous year	8.0 %
After adjusting for foreign exchange	13.4 %

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

With an increase of 6.1 percent in organic sales, the **Cosmetics/Toiletries** business sector continued its highly positive growth trend of recent quarters. As a result, we were able to significantly expand our market positions and outperform the relevant markets. Foreign exchange and divestments had a negative impact of 5.5 percent. In addition to continuing dynamic performance in Eastern Europe, Latin America and Asia-Pacific, we achieved particularly strong growth in the major markets of Western Europe and North America.

There was a highly encouraging increase in operating profit of 13.4 percent after adjusting for foreign exchange. This also resulted in a marked increase in return on sales of 0.8 percentage points to 12.5 percent. Return on capital employed (ROCE) likewise underwent a significant rise of 2.3 percentage points to 16.7 percent.

The *Hair Cosmetics* segment again reported strong growth and we were able to further expand our market shares in all our categories. Our Hair Care operations benefited particularly from the relaunch of the Schauma brand with the Oil Intense line, and from the success of new Gliss Nutri Protect. In our Styling operations, the focus was on the première of the Taft Power line with Cashmere Touch, and on the Colorants side the emphasis was on the launch of Diadem Care Gloss and Palette Gold Gloss Blondes.

SALES DEVELOPMENT¹⁾

in percent	Q1
Change versus previous year	0.6
Foreign exchange	-3.8
After adjusting for foreign exchange	4.4
Acquisitions/divestments	-1.7
Organic	6.1

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

RETURN ON SALES (EBIT)

in percent	Q1
2008	12.5
2007	11.7
Change versus previous year	0.8 pp

pp = percentage points

The *Body Care* segment also continued to perform well. Fa benefited from the extension of the Naturals line and underwent significant growth in Eastern Europe. Our local European brands also exhibited very high rates of expansion. Growth in the USA with Dial was stimulated primarily by the successful transfer of the yogurt concept to our growth category of body wash products.

Our *Skin Care* segment turned in an exceptional performance. The basis for this was provided by our most important brand, Diadermine, with the successful subline Age ExCellium and the introduction of our new Lift+ Antioxidants cream.

The *Oral Care* segment underwent strong growth as a result of the launch of new Theramed Titan Fresh and the Vademecum line extension.

The *Hair Salon* segment also posted very good growth, celebrating particular successes in Western Europe, Asia and Russia. The performance of our brands Igora with the Imagine Collection, and Bonacure with the new Color Save series, contributed substantially to the good performance registered in Europe.

Outlook

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

Adhesives Technologies

SALES¹⁾

in million euros	Q1
2008	1,364
2007	1,406
Change versus previous year	-3.0 %

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

EBIT¹⁾

in million euros	Q1
2008	153
2007	149
Change versus previous year	2.3 %
After adjusting for foreign exchange	6.4 %

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

Sales of the **Adhesives Technologies** business sector were 3.0 percent below the figure for the previous year. There were two reasons for this: the negative foreign exchange effects and the divestment of the water treatment business. Organic growth was 2.4 percent versus a very strong prior-year quarter. We again achieved especially high rates of increase in the growth regions of Eastern Europe, Africa/Middle East, Latin America and Asia-Pacific. In North America, sales fell below the prior-year level due to the difficult prevailing market environment.

After adjusting for foreign exchange, operating profit increased by 6.4 percent, this improvement resulting from a combination of successfully implemented countermeasures and increasing focus on businesses offering higher levels of profitability. We improved return on sales by 0.6 percentage points to 11.2 percent. Return on capital employed (ROCE) rose by 0.8 percentage points to 17.2 percent.

In the *Craftsmen and Consumer* segment, sales in Western Europe and North America fell below the levels of the previous year due to declining markets. We responded to this with new products including the launch of a new, flexible instant adhesive in gel form. We expect these innovations to add positive momentum to our business.

SALES DEVELOPMENT¹⁾

in percent	Q1
Change versus previous year	-3.0
Foreign exchange	-4.8
After adjusting for foreign exchange	1.8
Acquisitions/divestments	-0.6
Organic	2.4

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

RETURN ON SALES (EBIT)

in percent	Q1
2008	11.2
2007	10.6
Change versus previous year	0.6 pp

pp = percentage points

We again posted the strongest growth in the *Building Adhesives* segment, with our business performing particularly well in Eastern Europe and the Middle East/North Africa region. We are specifically expanding our production capacities in these regions in order to be able to cover the growing demand encountered there.

Our *Industry* segment developed well overall. The one exception was the North America business that turned in a weaker performance due to prevailing market conditions. Throughout the world, our products for industrial maintenance, repair and overhaul under the Loctite brand, and our automotive business posted particularly strong results. Our global range of innovative hotmelt adhesives, marketed under the Technomelt Supra brand, added impetus to our packaging adhesives business.

Outlook

Taking into account the National Starch businesses acquired on April 3, we expect organic sales growth in 2008 to be above the market average. The raw materials markets remain strained and we will therefore need to continue our countermeasures as implemented. We expect to achieve a significant increase in operating profit.

Interim Group Management Report

Underlying Trading Conditions

Based on total gross domestic product, the world economy cooled down at the beginning of the year. The US economy barely stayed above stagnation point. By contrast, Europe has continued to grow, albeit at a slower pace. The growth regions of Eastern Europe, Latin America and Asia (excluding Japan) continued to undergo dynamic expansion.

On the private consumption side, the weakness of the US economy led to a reluctance by US consumers to spend. In Western Europe, consumer spending increased slightly and private consumption continued its rapid rise in most of the growth regions.

Industrial development worldwide was more sluggish. This downturn was particularly noticeable in the USA, although the trend in Europe was similar. As a positive exception, manufacturing in Germany underwent further expansion. Bucking the general trend, the industrial sector in the growth regions also flourished.

Sectors of Importance for Henkel

We were confronted with a regionally mixed development in our most important consumer industries. This was particularly apparent in the automotive sector: while developments in the industrial countries remained weak, the growth regions exhibited significant expansion. In the electronics sector, the semi-conductor industry underwent only sluggish growth. The worldwide packaging industry and metals sector both made a positive start to the year, albeit with slightly lower rates of growth. Developments in the construction industry were also mixed, with a continuing downturn in the USA and stagnation in Western Europe contrasting with the brisk activity still prevailing in Eastern Europe, Latin America and Asia.

Statement of Income

Please refer to the section entitled 'Business Performance First Quarter 2008' on page 5 for a commentary on the statement of income.

Balance Sheet

The balance sheet total as of March 31, 2008 showed an increase of 502 million euros to 13,550 million euros. Under the non-current assets heading, intangible assets decreased by 244 million euros, due mainly to currency translation effects from developments in foreign exchange rates. Property, plant and equipment remained largely unchanged at 2,045 million euros, as did financial assets at 551 million euros.

Current assets rose by 755 million euros compared to the prior-year figure. The total of inventories and trade accounts receivable, other receivables and miscellaneous assets grew by 362 million euros, and there was also an increase in liquid funds towards the end of the reporting period due to the pending acquisition of the National Starch businesses.

Shareholders' equity including minority interests decreased from 5,706 to 5,513 million euros. Here, the 223 million euros in net earnings for the quarter was offset by negative foreign exchange effects amounting to -302 million euros, actuarial losses of -61 million euros and recognized derivative losses of -60 million euros.

At 40.7 percent, the equity ratio (shareholders' equity including minority interests as a percentage of total assets) was below the level as of the end of the previous year.

Non-current liabilities decreased by 36 million euros, primarily because of a reduction in other non-current financial liabilities.

Current liabilities increased by 731 million euros as a consequence of higher short-term borrowings and other current liabilities. The previously mentioned increase in liquid funds was also reflected in borrowings

that grew towards the end of March due to the imminent acquisition of the National Starch businesses.

Net debt, i.e. borrowings less liquid funds, increased by 110 million euros to 1,812 million euros.

Cash Flow Statement

Cash flow from operating activities decreased by 96 million euros due to the growth in net working capital compared to the prior-year quarter (-83 million euros).

The improvement in **cash flow from investing activities/acquisitions** is the result of an increase in proceeds from the disposal of subsidiaries, and higher cash in from asset disposals arising from the sale of the water treatment business.

Cash flow from financing activities increased by 446 million euros to 454 million euros because the imminent payment of the purchase price for the National Starch businesses led to a higher level of borrowed funds as of the end of the quarter.

Free cash flow decreased by 60 million euros to -86 million euros, due largely to reduced cash flow from operating activities.

Capital Expenditures

Capital expenditures on property, plant and equipment for continuing operations amounted to 108 million euros, compared to 107 million euros in the previous year. A total of 5 million euros was invested in intangible assets (previous year: 17 million euros).

Acquisitions and Divestments

Effective January 14, 2008, we sold our industrial water treatment business to BK Giulini, Ludwigshafen, Germany. This is in line with the Henkel strategy of focusing on our core businesses and hence disposing of marginal activities. BK Giulini is a subsidiary of Israel Chemicals Ltd. (ICL). The water treatment business was assigned to the Adhesives Technologies business sector and generated sales of around 52 million euros in 2006.

Employees

As of March 31, 2008, the number of employees at Henkel was 53,088. This represents a small increase compared to the prior-year quarter. The proportion of employees working outside Germany rose slightly to 81 percent.

Research and Development

Expenses for research and development increased to 86 million euros (+1.2 percent). This corresponded to a 2.7 percent share of sales (previous year: 2.6 percent).

Major Participation

Henkel has a 29.4 percent stake in Ecolab Inc., St. Paul, Minnesota, USA. In the first three months of 2008, Ecolab Inc. generated sales of 1,458 million US dollars (+16.2 percent). Net earnings for the quarter rose compared to the same period in the previous year by 15.0 percent to 102.9 million US dollars. The market value of our Ecolab participation as of March 31, 2008 amounted to around 2.0 billion euros.

Outlook

Underlying Trading Conditions

The economic environment has become more challenging. There are increasing signs of a mild recession taking hold in the USA. Consequently, the forecasts for Europe and other regions have been adjusted downward to a slight degree. We therefore expect the pace of growth to slow worldwide.

Private consumption in Europe is unlikely to provide any major impetus for the time being. In the USA, the degree to which the income tax reduction program will revive private spending remains to be seen. Global industrial production still appears to be heading in an upward direction, albeit with a slower rate of growth.

There is no immediate relief in sight with respect to raw material prices. We will continue to respond to increasing raw material costs with appropriate countermeasures. We continue to expect an increase in our raw material and packaging costs in the mid single-digit percentage range.

Opportunities and Risks

Despite the expected easing of world economic growth, we anticipate opportunities arising from the still generally positive underlying trading conditions characterizing the global economy and the sectors of importance for our business. Opportunities also result from our increased commitment to innovation and the fact that we are already very well positioned in the dynamically developing growth markets.

We see a risk in the possibility of a deep recession occurring in the USA and contagion to other regions of the world. There is also the risk that the costs of raw materials will undergo further increases.

Further specific opportunities and risks are discussed in the individual business sector reports appearing in our 2007 annual report.

Updated Sales and Profit

Forecast 2008

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

Taking into account the National Starch businesses acquired as of April 3, 2008, our sales and profit forecast now reads as follows:

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

We expect to increase operating profit adjusted for restructuring charges and one-time gains and charges ("adjusted EBIT") in the mid-teen percentage range (2007 base: 1,370 million euros).

We expect earnings per preferred share adjusted for restructuring charges and one-time gains and charges ("adjusted EPS") to increase in the mid 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 the integration of the National Starch businesses.

ADJUSTED EBIT AND EPS

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	<i>in %</i>	10.5
Adjusted earnings per preferred share	<i>in euros</i>	2.19

Consolidated Statement of Income

in million euros	Q1/2007	%	Q1/2008	%	Change
Sales	3,237	100.0	3,162	100.0	-2.3 %
Cost of sales	-1,726	53.3	-1,687	53.4	-2.3 %
Gross profit	1,511	46.7	1,475	46.6	-2.4 %
Marketing, selling and distribution expenses	-937	-28.9	-920	-29.2	-1.8 %
Research and development expenses	-85	-2.6	-86	-2.7	1.2 %
Administrative expenses	-169	-5.2	-166	-5.2	-1.8 %
Other operating income ¹⁾	21	0.6	31	1.0	47.6 %
Other operating charges ¹⁾	-18	-0.6	-14	-0.4	-22.2 %
Operating profit (EBIT)	323	10.0	320	10.1	-0.9 %
Investment result	19	0.6	19	0.6	-
Net interest	-49	-1.5	-38	-1.2	-22.4 %
Financial result	-30	-0.9	-19	-0.6	-36.7 %
Earnings before tax	293	9.1	301	9.5	2.7 %
Taxes on income	-83	-2.6	-78	-2.5	-6.0 %
Net earnings	210	6.5	223	7.0	6.2 %
Minority interests	-5	-0.2	-4	-0.1	-20.0 %
Net earnings after minority interests	205	6.3	219	6.9	6.8 %
Earnings per preferred share (in euros)	0.48		0.51		6.3 %
Earnings per ordinary share (in euros)	0.47		0.50		6.4 %

¹⁾ prior-year figure adjusted; includes net loss on translation of operating receivables and liabilities in foreign currency and the net gain on remeasurement to fair value of operating derivative hedging instruments

Consolidated Statement of Recognized Income and Expense

in million euros	Q1/2007	Q1/2008
Net earnings	210	223
Foreign exchange effects	-49	-302
Financial instruments	1	-60
Actuarial gains/losses	-12	-61
Other gains and losses recognized in equity	6	-6
Share of net profits of associates	-	13
Gains and losses recognized directly in equity	-54	-416
Total earnings for the period	156	-193
- Minority shareholders	6	-9
- Equity holders of Henkel AG & Co. KGaA	150	-184

Consolidated Balance Sheet

ASSETS

in million euros	Dec. 31, 2007	%	March 31, 2008	%
Intangible assets	4,940	37.9	4,696	34.6
Property, plant and equipment	2,077	15.9	2,045	15.1
<i>Investments in associates</i>	495	3.8	515	3.8
<i>Other investments</i>	33	0.3	36	0.3
Financial assets	528	4.1	551	4.1
Other financial assets	66	0.5	56	0.4
Income tax refund claims	4	–	2	–
Other non-current assets	67	0.5	62	0.5
Deferred taxes	249	1.9	266	2.0
Non-current assets	7,931	60.8	7,678	56.7
Inventories	1,283	9.8	1,343	9.9
Trade accounts receivable	1,694	13.0	1,826	13.5
Other financial assets	170	1.3	379	2.8
Miscellaneous assets	315	2.4	342	2.5
Income tax refund claims	90	0.7	77	0.6
Liquid funds/Marketable securities	1,440	11.0	1,833	13.5
Assets held for sale	125	1.0	72	0.5
Current assets	5,117	39.2	5,872	43.3
Total assets	13,048	100.0	13,550	100.0

SHAREHOLDERS' EQUITY AND LIABILITIES

in million euros	Dec. 31, 2007	%	March 31, 2008	%
Equity excluding minority interests	5,643	43.2	5,460	40.3
Minority interests	63	0.5	53	0.4
Equity including minority interests	5,706	43.7	5,513	40.7
Provisions for pensions and similar obligations	657	5.0	687	5.1
Long-term income tax provisions	100	0.8	100	0.7
Other long-term provisions	119	0.9	117	0.9
Long-term borrowings	2,304	17.7	2,332	17.1
Non-current financial liabilities	147	1.1	104	0.8
Other non-current liabilities	10	0.1	7	0.1
Deferred taxes	314	2.4	268	2.0
Non-current liabilities	3,651	28.0	3,615	26.7
Short-term provisions for taxes	152	1.2	152	1.1
Short-term provisions	763	5.9	743	5.5
Short-term borrowings	838	6.4	1,313	9.7
Trade accounts payable	1,477	11.3	1,519	11.1
Current financial liabilities	246	1.9	469	3.5
Other current liabilities	200	1.5	215	1.6
Income tax liabilities	15	0.1	11	0.1
Current liabilities	3,691	28.3	4,422	32.6
Total equity and liabilities	13,048	100.0	13,550	100.0

Consolidated Cash Flow Statement

in million euros	Q1/2007	Q1/2008
Operating profit (EBIT)	323	320
Income taxes paid	-72	-75
Amortization/depreciation/write-ups of non-current assets (excluding financial assets)	85	82
Net gains/losses on disposal of non-current assets (excluding financial assets)	-3	-7
Change in inventories	-85	-108
Change in trade accounts receivable	-195	-194
Change in other receivables and miscellaneous assets	-100	-41
Change in trade accounts payable	137	80
Change in other liabilities and provisions	30	-33
Cash flow from operating activities	120	24
Purchase of intangible assets	-17	-5
Purchase of property, plant and equipment	-107	-108
Purchase of financial assets/acquisitions	-1	-18
Proceeds on disposal of subsidiaries and business units	20	55
Proceeds on disposal of other non-current assets	23	11
Cash flow from investing activities/acquisitions	-82	-65
Henkel AG & Co. KGaA dividends	-	-
Subsidiary company dividends (to other shareholders)	-3	-1
Interest received	34	28
Dividends received	10	6
Interest paid	-109	-97
<i>Dividends and interest paid and received</i>	<i>-68</i>	<i>-64</i>
Increase in borrowings	71	517
Reductions in borrowings	-	-
Allocation to Contractual Trust Arrangement (CTA)	-	-
Other financing transactions	5	1
Cash flow from financing activities	8	454
Change in cash and cash equivalents due to movements in funds	46	413
Change in cash and cash equivalents due to exchange rate movements	-7	-20
Change in liquid funds and marketable securities	39	393
Liquid funds and marketable securities at January 1	929	1,440
Liquid funds and marketable securities at March 31	968	1,833

COMPUTATION OF FREE CASH FLOW

in million euros	Q1/2007	Q1/2008
Cash flow from operating activities	120	24
Purchase of intangible assets	-17	-5
Purchase of property, plant and equipment	-107	-108
Proceeds on disposal of subsidiaries and business units	20	55
Other proceeds on disposal of non-current assets	23	11
Dividends received/Net interest	-65	-63
Free cash flow	-26	-86

Group Segment Report by Business Sector¹⁾

FIRST QUARTER 2008

in million euros	Laundry & Home Care	Cosmetics/ Toiletries	Adhesives Technologies	Operating business sectors total	Corporate	Henkel
Sales January – March 2008	1,031	708	1,364	3,103	59	3,162
Change from previous year	-3.5 %	0.6 %	-3.0 %	-2.4 %		-2.3 %
Proportion of Group sales	33 %	22 %	43 %	98 %	2 %	100 %
Sales January – March 2007	1,069	704	1,406	3,179	58	3,237
EBITDA January – March 2008	131	101	189	421	-19	402
EBITDA January – March 2007	145	95	187	427	-19	408
Change from previous year	-9.2 %	5.7 %	1.4 %	-1.2 %		-1.5 %
Return on sales (EBITDA) January – March 2008	12.7 %	14.2 %	13.9 %	13.6 %		12.7 %
Return on sales (EBITDA) January – March 2007	13.5 %	13.5 %	13.3 %	13.4 %	-	12.6 %
Amortization/depreciation of trademark rights, other rights and property, plant and equipment January – March 2008	27	12	36	75	7	82
Amortization/depreciation of trademark rights, other rights and property, plant and equipment January – March 2007	28	13	38	79	6	85
EBIT January – March 2008	104	89	153	346	-26	320
EBIT January – March 2007	117	82	149	348	-25	323
Change from previous year	-11.2 %	8.0 %	2.3 %	-0.9 %		-0.9 %
Return on sales (EBIT) January – March 2008	10.1 %	12.5 %	11.2 %	11.1 %		10.1 %
Return on sales (EBIT) January – March 2007	10.9 %	11.7 %	10.6 %	11.0 %	-	10.0 %
Return on capital employed (ROCE) January – March 2008	16.2 %	16.7 %	17.2 %	16.8 %		15.3 %
Return on capital employed (ROCE) January – March 2007	16.5 %	14.4 %	16.4 %	15.9 %	-	14.6 %
Capital employed January – March 2008	2,567	2,132	3,538	8,237	113	8,350
Capital employed January – March 2007	2,841	2,291	3,637	8,769	53	8,822
Change from previous year	-9.6 %	-6.9 %	-2.7 %	-6.1 %	-	-5.4 %
Capital expenditures (excl. financial assets) January – March 2008	43	20	44	107	7	114
Capital expenditures (excl. financial assets) January – March 2007	41	17	84	142	12	154
Operating assets January – March 2008	3,863	2,726	4,535	11,124	351	11,475
Operating liabilities January – March 2008	1,171	801	1,362	3,334	239	3,573
Net operating assets employed January – March 2008	2,692	1,925	3,173	7,790	112	7,902
Operating assets January – March 2007	4,226	3,009	4,646	11,881	349	12,230
Operating liabilities January – March 2007	1,224	891	1,343	3,458	295	3,753
Net operating assets employed January – March 2007	3,002	2,118	3,303	8,423	54	8,477

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

Earnings Per Share

In calculating earnings per share for the first three months of 2008, a proportionate dividend was assumed on the basis of the dividend payout made by Henkel AG & Co. KGaA 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 preferred share as of March 31, 2008 of one eurocent less than basic EPS.

EARNINGS PER SHARE

	Q1/2007	Q1/2008
Net earnings for the quarter after minority interests in mill. euros	205	219
Number of outstanding ordinary shares	259,795,875	259,795,875
Earnings per ordinary share in euros	0.47	0.50
Number of outstanding preferred shares ¹⁾	172,816,989	173,155,293
Earnings per preferred share in euros	0.48	0.51
Dilutive effect arising from Stock Incentive Plan	941,586	547,971
Number of potentially outstanding preferred shares ²⁾	173,758,575	173,703,264
Diluted earnings per preferred share³⁾ in euros	0.47	0.50

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 215 million euros (IAS 33.59 share option schemes)

Changes in Treasury Stock

The treasury stock held by the company as of March 31, 2008 amounted to 5,005,080 preferred shares. This represents 1.14 percent of the capital stock at a proportional nominal value of 5.0 million euros.

As a result of options exercised under the Stock Incentive Plan, treasury stock decreased during the first three months of 2008 by 25,710 preferred shares, representing a proportional nominal value of 0.03 million euros (0.01 percent of capital stock).

Accounting and Valuation Policies

The unaudited interim consolidated financial statements of the Henkel Group for the quarter, 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.

Income taxes generally apply to the full calendar year. Hence, as of the interim balance sheet dated March 31, 2008, the expected tax expense was calculated in proportion to the forecast figure for earnings before tax, with due allowance being made for other factors, in order to obtain a reasonable projection for full fiscal 2008.

Scope of Consolidation

In addition to Henkel AG & Co. KGaA¹⁾, the consolidated financial statements as of March 31, 2008 include 10 domestic German and 189 foreign companies in which Henkel AG & Co. KGaA¹⁾ 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. KGaA¹⁾ 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. KGaA¹⁾ 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.

Credits

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Concept and Design: Kirchhoff Consult AG, Hamburg

Photographs: Henkel

Produced by: Schotte, Krefeld

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Calendar

Publication of Report

**for the Half Year/Second Quarter 2008:
Wednesday, August 6, 2008**

Publication of Report

**for the Nine Months/Third Quarter 2008:
Thursday, November 6, 2008**

Fall Press and Analysts' Conference 2008:

Thursday, November 6, 2008

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**

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



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This document contains forward-looking statements which are based on the current estimates and assumptions made by the corporate management of Henkel AG & Co. KGaA. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by Henkel AG & Co. KGaA and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside Henkel's control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace. Henkel neither plans nor undertakes to update any forward-looking statements.

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