

Statement by Ulrich Lehner
Chairman of the Management Board of Henkel KGaA
on the occasion of the **Analysts' Conference**
November 7, 2007
- Check against delivery -

Ladies and Gentlemen:

It is my pleasure to welcome you here in Munich to this year's analysts' conference on our business performance for the third quarter of this year.

First, I would like to make a few general comments about our business performance to date. I will then review some of the more important financials relating to Q3. I will also be updating our guidance for the full fiscal year and touch upon certain issues of significance. My colleague Lothar Steinebach will then provide you with the financial facts and figures in greater detail.

After that, the focus will be on our Adhesives Technologies business sector.

Alois Linder, Executive Vice President for that business sector, will provide an overview of our markets and the strategy of our adhesives business as well as further details with respect to recent developments.

Before I begin the review of our third quarter business performance, I would like to report on the current status of our planned acquisition of the adhesives and electronic materials businesses of National Starch.

In August, we signed a back-to-back agreement with Akzo Nobel on the acquisition of the businesses mentioned. Closure is subject to the successful acquisition by Akzo Nobel of ICI. The approvals expressed by the shareholder groups of the two companies in the last two days were an important step in our intended takeover. Subject to the approval also of the relevant antitrust authorities, the transaction between Akzo Nobel and ICI is expected to be concluded on January 2, 2008. The takeover of the National Starch businesses by Henkel could then be completed in the second quarter of 2008.

We regard this acquisition as a unique opportunity for our Adhesives Technologies business sector – and thus for Henkel as a whole – to gain sustainable strategic strength.

Now, Ladies and Gentlemen, I am delighted to be able to report to you that we had a strong third quarter with sales and earnings both attaining significant increases. We were particularly pleased with the organic sales growth achieved, with all our business sectors once again contributing.

- Specifically, in this last quarter we increased sales by 3 percent to 3.36 billion euros.
- We achieved a highly encouraging organic sales growth rate of 6 percent, which means that once again we outpaced our markets and exceeded our targeted range of 4 to 5 percent for 2007. In view of this strong performance, we now expect to achieve an organic sales growth rate of 5 to 6 percent for the full fiscal year.

- We substantially increased operating profit – by 12 percent to 359 million euros. After adjusting for foreign exchange, the growth rate was 13 percent.
- Earnings per preferred share (EPS) likewise rose substantially in comparison to the prior-year quarter, increasing 12.2 percent to 0.55 euros.

We were able during the third quarter to sustain very positive performance in our growth regions, especially Eastern Europe. After adjusting for foreign exchange, our sales in these markets again rose in the double-digit percentage range.

Once more in the third quarter, our innovations made a significant contribution to our encouraging growth. The success of recent new product launches proves we are on the right track with our strategy. And once again our successful “Year of Innovation” initiative, which we launched in spring 2006, has made a significant contribution to the performance levels we achieved. An influx from all over the world of around 100,000 ideas for new products and process innovations demonstrates the degree to which our employees have become aware of this issue.

We have also stepped up our efforts to place consumer insights more to the forefront of our search for ideas and their further development. Only if we really get to understand at an early stage what our customers want can we initiate innovations likely to persuade and delight them. In the consumer business, therefore, we are in constant contact with consumers and with our retail customers. In the industrial business, we have placed even more emphasis on collaboration with our customers as a means of creating innovative system solutions. Moreover, we deliberately incorporate within the development process the specific capabilities and expertise of so-called “lead users”, as well as developing tailored concepts together with our most important customers.

In keeping with our open approach to innovation, we also utilize to a high degree the opportunities of cooperating with external partners. We have at our disposal a worldwide network of cooperation partners from universities, research institutions and industry.

We have taken a major step toward our goal of increasing to 30 percent the share of sales generated by products that have been on the market for less than three years.

Innovations also make a major contribution to achieving sustainable development. This is because already at an early stage of our research and development work we lay the foundation for sustainable products – both for consumers and for our industrial and retail customers. And it is critical in this regard that we act responsibly along the entire value chain.

For Henkel this means endeavoring to find a sensible balance between economic, ecological and social goals.

We have noticed that we are increasingly being asked, not just by customers and consumers but also by financial market participants, whether and to what extent our activities are sustainable and socially responsible. This is a trend we are pleased to follow and which we regard as thoroughly positive. We want to meet the associated challenges and take the lead in the ensuing processes.

Given these circumstances, we are delighted when our efforts in this domain are appreciated. In September, the Henkel preferred share was added to the Dow Jones Sustainability World Index in the Non-durable Household Products sector.

Inclusion in this index is restricted to companies with a proven commitment to the principles of sustainable development. Within the consumer goods segment, therefore, Henkel is a leader not only in Europe but also worldwide. In the "Good Company Ranking 2007" Henkel was honored as a sustainably operating and socially responsible company and took second place among the 120 largest European companies. And once again Henkel is listed as one of the "Global 100 Most Sustainable Corporations of the World", a ranking presented by the Canadian financial consultants Innovest Strategic Value Advisors.

Before I come to our guidance, I would like to quickly characterize the background to our third quarter results in terms of the underlying economic environment.

Overall, the world economy has proven to be pretty robust. Nevertheless, developments were mixed both regionally and also in terms of the various customer industries of importance for Henkel. We were able to more than offset the effects of a rather sluggish US business performance through improvements in Western Europe and another strong set of results from our growth regions. Here once again we see the benefits of our global presence and our balanced portfolio comprised of well-known brands and innovative technologies.

Consequently we are looking forward to the remainder of the year with confidence.

To conclude, I would like to give you our updated outlook for the full fiscal year.

In view of our encouraging performance observed in the first nine months, we now expect to achieve an organic sales growth rate – in other words, growth after adjusting for foreign exchange and acquisitions/divestments – of 5 to 6 percent for full fiscal 2007.

We continue to expect an increase in operating profit (EBIT) – adjusted for foreign exchange – in excess of organic sales growth.

We likewise expect an increase in earnings per preferred share (EPS) in excess of organic sales growth.

That, Ladies and Gentlemen, concludes my remarks about our results for the third quarter of 2007.

I would now like to ask Lothar Steinebach to give you his more detailed financial explanations, followed by Alois Linder and his presentation of our newly formed business sector, Adhesives Technologies.

This information contains forward-looking statements which are based on the current estimates and assumptions made by the corporate management of Henkel KGaA. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate, etc. 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 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.