

# Invitation to the Annual General Meeting of Henkel KGaA, Düsseldorf, Germany



*A Brand like a friend*

# Invitation to the Annual General Meeting

Henkel  
Kommanditgesellschaft  
auf Aktien, Düsseldorf

**Securities ID Numbers:**

Ordinary shares 604 840

Preferred shares 604 843

**International Securities ID Numbers:**

Ordinary shares DE 0006048408

Preferred shares DE 0006048432

The shareholders of our Corporation  
are hereby invited to attend the

**Annual General Meeting**

on

**Monday, April 14, 2008, 10.00 a.m.,**

to be held in the

Congress Center Düsseldorf,

CCD-Stadthalle entrance,

Rotterdammer Strasse 141,

40474 Düsseldorf, Germany

Admission from 8.30 a.m.

**This English text is a translation for information only. The original German text published in the electronic version of the Federal Gazette (Bundesanzeiger) of February 27, 2007, is the only authoritative version.**

# Agenda

## **1. Presentation of the Annual Financial Statements and the Consolidated Financial Statements as endorsed by the Supervisory Board, and of the Management Reports of Henkel KGaA and of the Group, the Report of the Supervisory Board and the Corporate Governance Report for the year ended December 31, 2007. Resolution to approve the Annual Financial Statements of Henkel KGaA for the year ended December 31, 2007.**

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the annual financial statements stating an unappropriated profit of 444,192,003.61 euros, be approved as presented.

## **2. Resolution for the appropriation of profit**

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the unappropriated profit of 444,192,003.61 euros for the year ended December 31, 2007, be applied as follows:

a) Payment of a dividend of	
0.51 euros per ordinary share	
(259,795,875 shares)	= 132,495,896.25 euros
b) Payment of a dividend of	
0.53 euros per preferred share	
(178,162,875 shares)	= 94,426,323.75 euros
c) Carry forward	
of remainder	217,269,783.61 euros
to a new account	
(profit carry-forward)	
	<u><u>= 444,192,003.61 euros</u></u>

Treasury stocks are not entitled to dividend. The amount in unappropriated profit which relates to the shares held by the Corporation at the date of the Annual General Meeting is carried forward to a new account.

## **3. Resolution to approve and ratify the actions of the Management Board**

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the

actions of the members of the Management Board in office in 2007 be approved and ratified for that financial year.

## **4. Resolution to approve and ratify the actions of the Supervisory Board**

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the actions of the members of the Supervisory Board in office in 2007 be approved and ratified for that financial year.

## **5. Resolution to approve and ratify the actions of the Shareholders' Committee**

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the actions of the members of the Shareholders' Committee in office in 2007 be approved and ratified for that financial year.

## **6. Appointment of auditors of the annual financial statements and the consolidated financial statements for fiscal 2008**

The Supervisory Board proposes that KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt am Main, Germany, be appointed auditors for the Annual Financial Statements and for the Consolidated Financial Statements for the fiscal year 2008.

## **7. Elections to the Supervisory Board**

In accordance with Article 12 (2) of the Articles of Association, the term of office of the Supervisory Board expires with the close of this year's Annual General Meeting, necessitating new elections.

In accordance with §96 (1) and §101 (1) of the German Stock Corporation Act (AktG) in conjunction with §7 (1) sentence 1 No. 2 of the Co-Determination Act 1976 and

Article 12 (1) of the Articles of Association, the Supervisory Board comprises eight members representing the shareholders and eight members representing the employees. The members of the Supervisory Board representing the shareholders are to be elected by the Annual General Meeting; the Annual General Meeting is not bound to adopt candidates proposed.

The Supervisory Board proposes the following candidates:

**a) Dr. Friderike Bagel**

Attorney at Law/Tax Adviser, Düsseldorf, Germany  
*No memberships of statutory German supervisory boards or comparable domestic or foreign supervisory bodies*

**b) Dr. Simone Bagel-Trah**

Private Investor, Düsseldorf, Germany  
*Memberships of statutory German supervisory boards:*  
Henkel Management AG

**c) Dr. sc. nat. Michael Kaschke**

Member of the Managing Board of Carl Zeiss AG, Oberkochen, Germany  
*Memberships of statutory German supervisory boards:*  
Siltronic AG

Carl Zeiss Group mandate:  
Carl Zeiss Meditec AG (Chair)

**d) Thomas Manchot**

Private Investor, Düsseldorf, Germany  
*No memberships of statutory German supervisory boards or comparable domestic or foreign supervisory bodies*

**e) Thierry Paternot**

Operating Partner, Duke Street Capital, Paris, France  
*Memberships of domestic or foreign supervisory bodies comparable with a statutory German supervisory board:*  
S.G.D. (Chair), France

**f) Konstantin von Unger**

Founding Partner, Blue Corporate Finance, London, UK  
*Memberships of domestic or foreign supervisory bodies comparable with a statutory German supervisory board:*  
Ten Lifestyle Management Ltd., Great Britain

**g) Bernhard Walter**

Former Chairman of the Management Board of Dresdner Bank AG, Frankfurt/Main, Germany  
*Memberships of statutory German supervisory boards:*  
Bilfinger Berger AG (Chair),  
Daimler AG,  
Deutsche Telekom AG,  
Staatliche Porzellan-Manufaktur Meissen GmbH (Vice-Chair),  
Wintershall AG,  
Wintershall Holding AG (Vice-Chair)

**h) Dipl.-Ing. Albrecht Woeste**

Private Investor, Düsseldorf, Germany  
*Memberships of statutory German supervisory boards:*  
Henkel Management AG

as members of the Supervisory Board representing the shareholders for a term of office of four years commencing with the close of the present Annual General Meeting and ending on expiry of the Annual General Meeting approving and ratifying the actions of the Supervisory Board with respect to fiscal 2011.

The elections shall be conducted on an individual basis. Dr. Simone Bagel-Trah and Messrs. Dr. Michael Kaschke and Thierry Paternot are being proposed as new members. The other proposed candidates already belong to the Supervisory Board and are being proposed for re-election. In the event of his election to the Supervisory Board, Albrecht Woeste is also proposed as a candidate for the Chair of the Supervisory Board.

The results of the election conducted in accordance with the Co-Determination Act appointing Supervisory Board members representing the employees was published in the electronic version of the Federal Gazette dated January 17, 2008.

## **8. Elections to the Shareholders' Committee**

As prescribed in Article 28 (1) of the Articles of Association, the term of office of the Shareholders' Committee expires with the end of this year's Annual General Meeting, hence necessitating new elections.

The Shareholders' Committee and the Supervisory Board propose the following candidates:

**a) Dr. Paul Achleitner**

Member of the Management Board of Allianz SE, Munich, Germany

*Memberships of statutory German supervisory boards:*

Bayer AG,  
RWE AG

Allianz Group mandates:

Allianz Deutschland AG,  
Allianz Global Investors AG,  
Allianz Lebensversicherungs AG

*Memberships of domestic or foreign supervisory bodies comparable with a statutory German supervisory board:*

Allianz Group mandates:

Allianz Elementar Versicherungs-AG, Austria (Chair)  
Allianz Elementar Lebensversicherungs-AG, Austria (Chair)

**b) Dr. Simone Bagel-Trah**

Private Investor, Düsseldorf, Germany

*Memberships of statutory German supervisory boards:*

Henkel Management AG

**c) Stefan Hamelmann**

Private Investor, Düsseldorf, Germany

*Memberships of domestic or foreign supervisory bodies comparable with a statutory German supervisory board:*

Ecolab Inc., USA

**d) Dr. h.c. Ulrich Hartmann**

Former Chairman of the Management Board of E.ON AG, Düsseldorf, Germany

*Memberships of statutory German supervisory boards:*

Deutsche Bank AG,  
Deutsche Lufthansa AG,  
E.ON AG (Chair),  
IKB Deutsche Industriebank AG (Chair),  
Münchener Rückversicherungs-Gesellschaft AG

**e) Dr. h.c. Christoph Henkel**

Private Investor, London, UK

*No memberships of statutory German supervisory boards or comparable domestic or foreign supervisory bodies*

**f) Prof. Dr. Ulrich Lehner**

Personally Liable Partner and Chairman of the Management Board of Henkel KGaA, Düsseldorf, Germany

*Memberships of statutory German supervisory boards:*

E.ON AG,  
HSBC Trinkaus & Burkhardt AG,  
Porsche Automobil Holding SE,  
Dr. Ing. h.c. Porsche AG,  
ThyssenKrupp AG

Henkel Group:

Henkel Management AG

*Memberships of domestic or foreign supervisory bodies comparable with a statutory German supervisory board:*

Novartis AG, Switzerland

**g) Konstantin von Unger**

Founding Partner, Blue Corporate Finance, London, UK

*Memberships of domestic or foreign supervisory bodies comparable with a statutory German supervisory board:*

Ten Lifestyle Management Ltd., UK

**h) Karel Vuursteen**

Former Chairman of the Management Board of Heineken N.V., Amsterdam, Netherlands

*Memberships of domestic or foreign supervisory bodies comparable with a statutory German supervisory board:*

Akzo Nobel nv, Netherlands,  
Heineken Holding N.V., Netherlands,  
ING Groep nv, Netherlands,  
Tom Tom NV, Netherlands

**i) Werner Wenning**

Chairman of the Management Board of Bayer AG, Leverkusen, Germany

*Memberships of statutory German supervisory boards:*

Evonik Industries AG

Bayer Group mandates:

Bayer Schering Pharma AG

**j) Dipl.-Ing. Albrecht Woeste**

Private Investor, Düsseldorf, Germany

*Memberships of statutory German supervisory boards:*

Henkel Management AG

as members of the Shareholders' Committee for a term of office of four years commencing with the close of the present Annual General Meeting and ending on expiry of the Annual General Meeting approving and ratifying the actions of the Supervisory Board with respect to fiscal 2011.

The elections shall be conducted individually. Prof. Dr. Lehner, who will be resigning as Personally Liable Partner and Chairman of the Management Board from Henkel KGaA at the end of the Annual General Meeting, and Mr. Wenning are proposed as new candidates for membership. The other proposed candidates already belong to the Shareholders' Committee and are being proposed for reelection. In the event of his election to the Shareholders' Committee, Dipl.-Ing. Albrecht Woeste shall be proposed as candidate for chairmanship of the Shareholders' Committee.

**9. Resolution to renew authorization to purchase and appropriate the Corporation's own shares ("treasury stock") in accordance with §71 (1) no. 8 of the German Stock Corporation Act (AktG) and to exclude the pre-emptive rights of existing shareholders**

With expiry of the authorization resolved at the last Annual General Meeting, it is proposed that the Personally Liable Partners again be authorized to purchase the Corporation's own shares on the stock exchange or by way of a public purchase offer.

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose the following resolution:

a) That the Personally Liable Partner be authorized in accordance with §71 (1) no. 8 of the German Stock Corporation Act (AktG) to purchase ordinary and/or preferred shares of the Corporation at any time up to October 13, 2009, subject to the condition that the shares acquired on the basis of this authorization, together with the other treasury stock that the Corporation has already acquired and still

holds, and which is attributable to the Corporation in accordance with §71 d and §71 e of the German Stock Corporation Act (AktG), shall not at any time exceed 10% in total of the capital stock.

That the authorization may be exercised once or several times, in whole or in part, by the Corporation, by its Group companies or by third parties acting on the Corporation's or its Group companies' behalf and for their account.

That the authorization to purchase the Corporation's own shares ("treasury stock") at any time up to October 15, 2008, approved by resolution of the shareholders at the Annual General Meeting held on April 16, 2007, be withdrawn with effect from the date when this new authorization becomes operative.

b) That purchases may be made, at the discretion of the Personally Liable Partner, in the market, by means of a public offer addressed to all shareholders, or by means of a public invitation to submit an offer (invitation to tender).

(1) In the case of purchase in the market, the consideration paid by the Corporation (excluding incidental costs) for each share must not be more than 10% above or below the opening price of the shares quoted on the XETRA trading system (the electronic securities trading system operated by Deutsche Börse AG) or a comparable successor system on the date when the purchase obligation arises.

(2) In the case of purchase by means of a public offer, or a public invitation to tender, the Corporation shall stipulate the share purchase price or the share purchase price spread. Where a share purchase price spread is stipulated, the final price shall be determined from the declarations of acceptance or tenders received. The public offer or the invitation to tender may include a time limit for acceptance, certain conditions and also the provision that the share purchase price

spread may be adjusted during the time limit for acceptance if, following publication of the formal offer, there are significant movements in price during the time limit for acceptance.

The consideration paid by the Corporation for each share must not be more than 10% above or below the average of the closing prices quoted for the Corporation's shares of the same class on the XETRA trading system or a comparable successor system on the last five trading days prior to the announcement of the offer or the invitation to tender. In the case of an adjustment to the share purchase price, the relevant amount shall be determined on the basis of the price prevailing on the last trading day before the final decision on the offer adjustment.

The volume may be limited. If, in the case of a public offer or a public invitation to tender, the volume of the tendered shares exceeds the envisaged buy-back volume, the tender rights of the shareholders may be excluded insofar as acceptance will then be effected on a pro-rata basis in accordance with the ratio of shares tendered in each case. Provision may also be made for priority acceptance of smaller numbers of shares up to 100 of the shares tendered for purchase per shareholder.

- (3) The Corporation will make the decision regarding the class of shares to be purchased in keeping with the interests of the shareholders and of the Corporation and taking into account the approved purposes for such purchases.
- c) The authorization can be exercised for any lawful purpose and in particular for one or more of the purposes specified in d). If it is used for one or more of the purposes specified in d), the pre-emptive rights of existing shareholders are excluded. Moreover, the Personally Liable Partner may, in the case of disposal of purchased treasury stock under the terms of an offer addressed to all shareholders, exclude the pre-emptive rights of the shareholders in

respect of fractional entitlements, subject to the approval of the Shareholders' Committee and the Supervisory Board.

- d) The Personally Liable Partner is hereby authorized – subject to the approval of the Shareholders' Committee and of the Supervisory Board – to use the Corporation's own shares ("treasury stock") acquired on the basis of this or an earlier authorization as follows:

- (1) To offer and transfer treasury stock to members of the Management Board and certain executive management personnel of the Corporation and to members of the management boards and certain executive management personnel of certain affiliated companies in Germany and abroad under the current terms of the "Stock Incentive Plan of the Henkel Group", which was approved by resolution of the shareholders at the Annual General Meeting held on May 8, 2000. Insofar as members of the Management Board of the Corporation are among those eligible to participate in the Stock Incentive Plan, the Shareholders' Committee is hereby authorized – subject to the approval of the Supervisory Board – to arrange the offer and transfer of the shares.
- (2) To sell or otherwise transfer treasury stock to third parties for the purpose of acquiring businesses, parts of businesses or participating interests in businesses or for forming business combinations.
- (3) To sell treasury stock against payment in cash by a process other than in the market or by way of an offer addressed to all shareholders, provided that the price paid is not significantly less than the quoted market price of the shares on the date of the sale. In this case, the proportion of the capital stock represented by the shares sold on the basis of this authorization, together with the proportion of the capital stock represented by new shares issued out of authorized capital with the pre-emptive rights of existing shareholders

excluded, as permitted under §186 (3) sentence 4 of the German Stock Corporation Act (AktG), must not exceed a total of 10% of the capital stock in existence at the time of this authorization becoming operative or being exercised.

- (4) To cancel all or part of the treasury stock without any further resolution in General Meeting being required. Cancellation shall be effected by way of capital reduction or such that the capital stock remains unchanged and the proportion of the other shares relative to the capital stock increases as permitted under §8 (3) of the German Stock Corporation Act (AktG); in the latter case, the Personally Liable Partner is authorized to adjust the number of shares indicated in the Articles of Association accordingly.

**Report to the Annual General Meeting in respect of Item 9 on the Agenda, as required by §71 (1) no. 8 and §186 (4) sentence 2 of the German Stock Corporation Act (AktG)**

The authorization proposed under Item 9 relates to the purchase of the Corporation's own shares ("treasury stock"). The authorization to purchase the Corporation's own shares, which was approved at the Annual General Meeting held on April 16, 2007, under Item 8 on the Agenda for that meeting, is only valid until October 15, 2008. It therefore requires renewal, as does the authorization to dispose of shares in other ways, as permitted under §71 (1) no. 8 sentence 5 of the German Stock Corporation Act (AktG), and the authorization to cancel shares as permitted under §71 (1) no. 8 sentence 6 of the German Stock Corporation Act (AktG). The proposed authorization will enable the Corporation to realize the benefits associated with the acquisition of its own shares in the interests of the Corporation and its shareholders.

As permitted under §71 (1) no. 8 of the German Stock Corporation Act (AktG), other forms of purchase and disposal may be applied in addition to the typical method of purchase and disposal in the market. Thus, treasury stock may also be acquired by means of

a public offer addressed to the shareholders or by the public invitation to submit an offer (public invitation to tender). In these cases, the shareholders may decide how many shares they wish to sell and, in the event of a price spread being stipulated, at which price they wish to sell.

In acquiring the Corporation's own shares, the principle of equal treatment as defined in §53a of the German Stock Corporation Act (AktG) must be upheld. The proposed acquisition of the shares in the market or by way of a public offer or a public invitation to tender is in keeping with this principle. Insofar as the number of tendered or offered shares exceeds the number of shares envisaged for purchase, such purchase or acceptance may be implemented under exclusion of the tender rights of the shareholders on a pro-rata basis related to the number of shares offered or tendered, in order to simplify the purchase process. Giving prior claim to smaller numbers of up to 100 shares tendered per shareholder also serves to simplify the process.

The authorization is also to cover exclusion of the pre-emptive rights of shareholders for fractional entitlements in the event of disposal of treasury stock under the terms of an offer addressed to all shareholders. This is necessary in order to enhance technical efficiency in the disposal of acquired treasury stock by way of such an offer to shareholders. The free fractional amounts of treasury stock excluded from the pre-emptive rights of the shareholders shall be disposed of to the best possible effect for the Corporation, either by sale in the market or by some other process.

The shares thus acquired as treasury stock may be used for all legally permissible purposes including in particular and to the exclusion of the pre-emptive rights of existing shareholders, those indicated hereinafter.

The proposed resolution includes the grant of authorization to transfer the shares purchased to members of the Management Board and certain executive management personnel of the Corporation and of certain affiliated companies in Germany and abroad under the terms of the "Stock Incentive Plan of the Henkel Group" or to transfer them to third parties as consid-

eration for acquiring businesses, parts of businesses or participating interests in businesses or for forming business combinations. The class of share to be used for this purpose will depend on the terms of the transaction concerned.

International competition and the process of business globalization increasingly demand that a company's treasury stock be used as consideration for the acquisition of other businesses, parts of businesses or participating interests in businesses or for forming business combinations. The authorization proposed here for transferring the shares purchased is therefore intended to give the Corporation the necessary flexibility to be able to make the most of opportunities to acquire businesses or participating interests therein rapidly and in a flexible manner as such opportunities arise. This is another reason why the proposed authorization to exclude the pre-emptive rights of existing shareholders is reasonable and in the interests of the Corporation.

Finally, the resolution proposes that Management also be authorized to sell any treasury stock purchased to third parties against payment in cash in a process other than in the market or by way of an offer addressed to all shareholders, and with exclusion of the pre-emptive rights of existing shareholders as permitted under §186 (3) sentence 4 of the German Stock Corporation Act (AktG). This will enable Management to align the Corporation's internal financial resources to prevailing requirements in a flexible manner and to react at short notice to favorable stock market conditions. The investment and financial interests of shareholders are suitably safeguarded. The authorization ensures that, even together with shares issued out of authorized capital, not more than 10% of the capital stock can be sold or issued with exclusion of the pre-emptive rights of existing shareholders. Suitable protection against the possibility of dilution is provided due to the fact that the shares can only be sold at a price that is not significantly less than the quoted market price of the shares concerned. The sale price is only finalized shortly before the sale. Any discount to the quoted price will be kept as small as possible given the market conditions prevailing at the time of placement; under no circumstances shall it be more than 5%.

The authorization covers shares that are purchased on the basis of this proposed resolution and those purchased on the basis of authorizations previously approved and ratified in General Meeting. Such shares purchased may be canceled by the Corporation without any further resolution in General Meeting being required. Cancellation shall either be effected by way of capital reduction or, as permitted by §237 (3) no. 3 of the German Stock Corporation Act (AktG), such that the capital stock remains unchanged by increasing the proportion of the other shares relative to the capital stock as permitted under §8 (3) of the German Stock Corporation Act (AktG).

## **10. Resolution to adopt the amended Articles of Association**

On expiry of the Annual General Meeting of the Corporation on April 14, 2008, Henkel Management AG, Düsseldorf, Germany, is to be appointed as the Personally Liable Partner of the Corporation. The sole shareholder of Henkel Management AG is to be Henkel KGaA. At the same time, the current sole Personally Liable Partner, Prof. Dr. Ulrich Lehner, is to resign from the Corporation. In the future, therefore, a joint stock entity will assume the position of sole Personally Liable Partner. The reasons for this step and also the measures required in order to implement it are explained in detail in the Report of the Personally Liable Partner which is printed below the following proposed resolution.

Assumption of the position of sole Personally Liable Partner by a joint stock entity requires a number of predominantly editorial changes to the Articles of Association. These are likewise described in detail in the following report.

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the Articles of Association of Henkel KGaA be amended as follows:

## **“I. General Provisions**

### **1. Legal Form, Name and Principal Place of Business**

- (1) The Corporation is a German “Kommanditgesellschaft auf Aktien” [partnership limited by shares] trading under the name Henkel AG & Co. KGaA.
- (2) The Corporation has its principal place of business in Düsseldorf, Germany.

### **2. Object of the Corporation**

- (1) The Object of the Corporation is the manufacture and distribution of
  - chemical products of all kinds, especially detergents, cleaning agents and care products, chemical raw materials, adhesives and industrial chemicals;
  - personal care products and cosmetics, pharmaceutical products;
  - food stuffs, packaging materials;
  - technical equipment and installations;the acquisition and management of real estate including land for agricultural and forestry use.
- (2) The Corporation is entitled to embark on all forms of business and implement all measures that are either directly or indirectly conducive to the Object of the Corporation. In particular, the Corporation may establish subsidiaries at home and abroad, found, acquire and participate in other companies and also manage companies or limit its activities to management of the participating interests. The Corporation is entitled to assign its operating activities either in part or in whole to affiliated companies or transfer said operations to affiliated companies.

### **3. Financial Year**

The financial year is the calendar year.

### **4. Announcements and information**

- (1) The announcements of the Corporation will be made in the electronic Federal Gazette (Bundesanzeiger).
- (2) Information to the bearers of registered securities of the Corporation may also be sent by remote data transmission.

## **II. Capital Stock and Shares**

### **5. Capital Stock**

The capital stock of the Corporation amounts to 437,958,750 euros (in words: four hundred and thirty-seven million nine hundred and fifty-eight thousand seven hundred and fifty euros).

### **6. Shares**

- (1) The capital stock is divided into 437,958,750 shares (no par value) of which 259,795,875 are ordinary shares in bearer form and 178,162,875 are non-voting preferred shares in bearer form.
- (2) The terms of the preferred shares are set forth in Article 35. The issuance of additional preferred shares, which in the distribution of the profit or the Corporation’s assets take precedence over or are equal to the preferred shares with no voting rights as existing at that time, is permitted as a reserved right.
- (3) By way of derogation from §60 of the German Stock Corporation Act (AktG), when increasing the capital stock in the course of a financial year, it may be stipulated that the new shares participate in the profits as of the beginning of said financial year.
- (4) The Corporation may combine individual shares of a certain class in share certificates evidencing a plural number of shares of the respective class (multiple share certificate) to the preclusion of any right to claim issuance of share certificates evidencing single shares. The form of the share certificates and of the profit participation and renewal certificates shall be determined by the Personally Liable Partner.
- (5) The Personally Liable Partner is authorized, subject to the approval of the Supervisory Board and of the Shareholders’ Committee, to increase the capital stock of the Corporation in one or several acts until April 9, 2011 by up to a total of 25,600,000 euros through the issue for cash of new preferred shares with no voting rights. The authorization may be executed in full, or in one or several partial amounts. The existing shareholders shall, in principle, be granted pre-emptive rights. The shares may be transferred to banks or financial services institutions that would then be required to offer them

to existing shareholders. The Personally Liable Partner is, however, authorized to exclude the pre-emptive rights of existing shareholders with the approval of the Supervisory Board and of the Shareholders' Committee,

- in order to dispose of any fractional amounts to the exclusion of the pre-emptive rights of shareholders,
- if the issue price of the new shares does not significantly fall below the quoted market price of the shares of the same class at the time of final stipulation of the issue price. In this case, the proportion of the capital stock represented by the shares sold on the basis of this authorization, together with the proportion of the capital stock represented by new shares issued out of authorized capital with the pre-emptive rights of existing shareholders excluded, as permitted under §186 (3) sentence 4 of the German Stock Corporation Act (AktG), must not exceed a total of 10% of the capital stock in existence at the time of this authorization becoming operative or being exercised.

The Personally Liable Partner is authorized, subject to the approval of the Supervisory Board and of the Shareholders' Committee, to stipulate the further specifics of the share rights and the conditions of share issue.

#### **7. Transfer of Shares**

A portion of the ordinary shares held by the Henkel Family is subject to the restrictions pursuant to the share-pooling agreement of the Henkel Family with regard to the transfer of such ordinary shares.

### **III. Personally Liable Partner**

#### **8. Entry and Resignation of Personally Liable Partners**

- (1) The Personally Liable Partner of the Corporation is Henkel Management AG, Düsseldorf, Germany.
- (2) The actions of the Personally Liable Partner are restricted to assumption of the liability and management of the businesses of the Corporation. It

is not authorized beyond this scope to transact business for its own account or for the account of others, or to pursue other entrepreneurial activities.

- (3) The Personally Liable Partner has not made any special deposit and is neither entitled nor obliged to do so; it shall participate neither in the profit and loss nor in the assets (including hidden reserves) of the Corporation. In the event of its resignation or dismissal from the Corporation, it shall not be entitled to any severance settlement.
- (4) Additional Personally Liable Partners may join the Corporation in agreement with the Shareholders' Committee. The provisions of these Articles of Association regarding the Personally Liable Partner shall apply accordingly to newly appointed Personally Liable Partners.
- (5) The term of the Personally Liable Partner with the Corporation expires as soon as the Corporation no longer holds all the shares in the Personally Liable Partner. The legal grounds for severance of the Personally Liable Partner remain unaffected. In addition, the Personally Liable Partner may leave the Corporation in accordance with the agreement made with the Shareholders' Committee. Furthermore, the Shareholders' Committee may terminate the contractual relationship for good reason by giving appropriate written notice. The termination is binding until its invalidity is established by a final Court judgment.
- (6) In the event of the Personally Liable Partner leaving the Corporation, the Shareholders' Committee shall be authorized and obliged to appoint one or several new Personally Liable Partners by the time of departure of said Personally Liable Partner.

#### **9. Contractual Conditions**

- (1) Unless provided otherwise by mandatory provisions of the Articles of Association or applicable statutes, the legal relations between the Corporation and the Personally Liable Partner are governed by an agreement to be concluded between said Personally Liable Partner and the

Shareholders' Committee. The agreement also extends to the remuneration of the Personally Liable Partner for assumption of liability and said Personally Liable Partner's entitlement to reimbursement of all the expenses arising in relation to the management of the businesses of the Corporation, including remuneration of the members of its corporate bodies.

- (2) The remuneration of the members of the management bodies of the Personally Liable Partner shall be commensurate with the functions of the management body member and the position and standing of the Corporation. The remuneration shall be disclosed in the notes to the annual financial statements and the consolidated annual financial statements of the Corporation or at some other suitable position in the annual financial statements, consolidated annual financial statements or the (consolidated) management report of the Corporation in accordance with the statutory provisions applicable to publicly listed joint stock corporations, unless the General Meeting of the Corporation resolves to refrain from such disclosure.
- (3) In relation to the shareholders, all payments and benefits accruing to the Personally Liable Partner shall be treated as expenses of the Corporation irrespective of possibly diverging tax regulations.

#### **IV. Representation and Management**

##### **10. Representation of the Corporation**

- (1) The Corporation shall be legally represented by the Personally Liable Partner, other than in the case of legal relationships between the Corporation and the Personally Liable Partner, and also in the exercise of rights arising from or in connection with the shares held by the Corporation in the Personally Liable Partner. In such cases, the Shareholders' Committee shall represent the Corporation.
- (2) Holders of statutory authority granted by the Corporation ("Prokuristen") may only be appointed such that they are authorized to represent the Corporation either jointly with the Personally Liable Partner or with a further holder of statutory authority ("Prokurist").

##### **11. Management of the Corporation**

- (1) Management of the businesses of the Corporation is the responsibility of the Personally Liable Partner, other than in the case of legal relationships between the Corporation and the Personally Liable Partner, and also in the exercise of rights arising from or in connection with the shares held by the Corporation in the Personally Liable Partner. The Shareholders' Committee shall be responsible for managing such affairs.
- (2) The Shareholders' Committee may, in accordance with Article 26, sentence 4, issue Rules of Procedure incumbent upon the Personally Liable Partner. The Shareholders' Committee shall likewise determine what actions, transactions and legal acts by the Personally Liable Partner shall be subject to the consent of the Shareholders' Committee.

#### **V. Supervisory Board**

##### **12. Members of the Supervisory Board**

- (1) The Supervisory Board is composed as legally required.
- (2) The members of the Supervisory Board are elected until the close of the General Meeting that resolves on the formal approval of the fourth financial year following their election, unless their term of office is otherwise stipulated at the time of their election. The financial year in which the election takes place does not count.
- (3) The members of the Supervisory Board may resign their office at any time by giving written notice to the Chairperson of the Supervisory Board or to the Personally Liable Partner.
- (4) Substitute members of the Supervisory Board members may be elected. If a member of the Supervisory Board elected by the General Meeting resigns prematurely and the General Meeting has not elected a successor, said member shall be replaced by the substitute member until the next General Meeting. The next General Meeting shall elect a new member of the Supervisory Board for the remaining term of office of the member having resigned. If an employees' Supervisory Board member resigns prematurely, he or she shall be replaced by the substitute member

for the remaining term of office of the member having resigned.

- (5) Members of the Management Board of the Personally Liable Partner may not be members of the Supervisory Board; membership on the Supervisory Board of the Personally Liable Partner or on the Shareholders' Committee is compatible with membership on the Supervisory Board of the Corporation.

### **13. Chairperson and Vice-Chairperson**

- (1) The Supervisory Board shall elect a Chairperson and a Vice-Chairperson in accordance with §27 of the German Co-Determination Act (MitbestG). The term of office of the Chairperson and the Vice-Chairperson corresponds to their term of office as a member of the Supervisory Board unless otherwise stipulated at the time of election. If one or other should depart his or her office prematurely, the Supervisory Board shall immediately elect a successor.
- (2) In case of absence of the Chairperson, the Vice-Chairperson shall act on his or her behalf on the Supervisory Board. In case of resolutions of the Supervisory Board, the Vice-Chairperson shall, however, not be entitled to exercise the casting vote of the Chairperson.

### **14. Convocation**

- (1) The Supervisory Board shall determine its own Rules of Procedure. With regard to the convocation of meetings and the adoption of resolutions of the Supervisory Board, the rules hereinafter set forth shall apply.
- (2) The Chairperson of the Supervisory Board convenes the meetings of the Supervisory Board. Invitation to the meetings may be in writing, verbal, by telephone, by fax, by e-mail or by other electronic communication means. Invitations must be sent/communicated with two weeks' prior notice, at which time the agenda shall also be sent/transferred. In urgent cases, this period of notice may be reduced.

### **15. Resolutions**

- (1) The Supervisory Board constitutes a quorum if all members of the Supervisory Board have been duly invited and at least half of the members of whom the Supervisory Board must consist participate in the adoption of resolutions. Absent members of the Supervisory Board may participate in the adoption of resolutions by having their written votes presented by other members of the Supervisory Board. Persons not belonging to the Supervisory Board are not entitled to participate in meetings of the Supervisory Board in lieu of members unable to attend.
- (2) Unless otherwise required by law, the Supervisory Board adopts resolutions by a simple majority of votes cast. In the event of a tie, a second vote on the same subject matter shall take place on motion of the Chairperson or any other member of the Supervisory Board. If such second vote also results in a tie, the Chairperson of the Supervisory Board shall have the casting vote; said casting vote may also be submitted in writing as per paragraph (1) sentence 2 above.
- (3) Resolutions of which the subject matter has not been duly announced may only be adopted if no member of the Supervisory Board objects; absent members of the Supervisory Board shall have the opportunity to object subsequently to these resolutions within a reasonable period of time to be specified by the Chairperson.
- (4) Resolutions of the Supervisory Board may, on order of the Chairperson, also be decided upon in a telephone or video conference or outside a meeting by votes submitted verbally, by telephone, in writing or in text form. Members of the Supervisory Board have no right to object to the form of resolution adoption stipulated by the Chairperson. Combined methods of resolution adoption are permitted.
- (5) Resolutions adopted in accordance with (4) above shall be notified by the Chairperson to all members. Moreover, minutes shall be kept of the meetings, dealings and resolutions of the Supervisory Board, and these shall be signed by the Chairperson of the Supervisory Board and the minutes-taker.

## 16. Rights and Committees

- (1) The Supervisory Board has the rights and obligations assigned to it by statute and the Articles of Association.
- (2) By way of derogation from §287 (1) of the German Stock Corporation Act (AktG), the Shareholders' Committee shall execute the resolutions of the shareholders and represent the shareholders in dealings with the Personally Liable Partner.
- (3) To the extent permitted by law, the Supervisory Board may delegate the execution of certain of its functions to committees or to individual members.
- (4) Statements of the Supervisory Board and committees to which functions have been delegated are made by the Chairperson in the name of the Supervisory Board.
- (5) The members of the Management Board of the Personally Liable Partner are entitled to participate in meetings of the Supervisory Board.

## 17. Remuneration

- (1) The members of the Supervisory Board shall receive for their services, in addition to reimbursement of their cash disbursements, remuneration comprising a fixed-fee component and components based on the performance of the Corporation.
- (2) Each member of the Supervisory Board shall receive a fixed annual fee of 20,000 euros.
- (3) Each member of the Supervisory Board shall receive an annual remuneration of 2,400 euros per full 0.02 euros in dividend in excess of 0.25 euros in dividend paid on each preferred share for the financial year in respect of which the remuneration is paid.
- (4) Each member of the Supervisory Board shall receive a deferred conditional right to additional remuneration based on the long-term performance of the Corporation. The applicability and level of the additional remuneration are dependent on whether and to what extent the earnings per preferred share of the second financial year (reference year) following the financial year for which the right to the additional remuneration is granted (base year) exceeds the earnings per

preferred share of the financial year preceding the base year. Calculation of the increase shall be based in each case on the earnings per share as stated in the duly audited, certified, adopted and approved consolidated financial statements of the financial years concerned – after adjusting for major exceptional items affecting earnings. If the increase is at least 15%, an amount of 600 euros shall be paid for each full percentage point of the total increase attained. If the increase is at least 21%, an amount of 700 euros shall be paid for each full percentage point of the total increase attained. If the increase is at least 30%, an amount of 800 euros shall be paid for each full percentage point of the total increase attained. The entitlement to payment of the additional remuneration accrues solely to the members in office during the base year.

- (5) The remuneration components per paragraphs (3) and (4) above shall not exceed an amount of 50,000 euros in total per member of the Supervisory Board.
- (6) The Chairperson shall receive double the total amount, the Vice-Chairperson one and a half times the total amount accruing to an ordinary member per paragraphs (2) to (5) above. Members of the Supervisory Board who were only in office for a portion of the financial year in question or who performed the functions of the Chairperson or Vice-Chairperson within the Supervisory Board for part of the year shall receive these remunerations on a pro-rata time basis.
- (7) Where a member of the Supervisory Board is also a member of the Supervisory Board of the Personally Liable Partner, and receives a remuneration for his or her activities on the Supervisory Board of the Personally Liable Partner, his or her remuneration for his or her activities on the Supervisory Board of the Corporation shall be reduced by the amount received by said member as remuneration for his or her activities on the Supervisory Board of the Personally Liable Partner.
- (8) The remuneration per (2) above becomes due at the end of the financial year in question. The remuneration per (3) above becomes due with

the close of the General Meeting adopting the resolution on the appropriation of profit for the financial year concerned. The remuneration component per (4) above becomes due with the close of the General Meeting that decides upon the acceptance or adoption of the consolidated financial statements for the reference year concerned.

- (9) The members of the Supervisory Board shall be reimbursed by the Corporation for the statutory value added tax payable on their total remunerations and disbursements. In addition, the members of the Supervisory Board shall receive an attendance fee of 500 euros for each meeting of the Supervisory Board that they attend.
- (10) The Corporation shall maintain a Directors & Officers insurance policy for members of the corporate bodies and employees of the Henkel Group that shall also cover the members of the Supervisory Board.

## **VI. General Meeting**

### **18. Ordinary General Meeting**

The Ordinary General Meeting resolves in particular on:

- adoption of the annual financial statements,
- distribution of the unappropriated profit,
- formal approval of the actions of the Personally Liable Partner,
- formal approval of the actions of the Supervisory Board,
- formal approval of the actions of the Shareholders' Committee,
- election of the auditor.

### **19. Place and Convocation**

- (1) The General Meeting takes place in Düsseldorf or in any other town in the Federal Republic of Germany which has more than 100,000 inhabitants.
- (2) The General Meeting is convened by the Personally Liable Partner.
- (3) Unless an earlier date is legally permissible, the convocation of the General Meeting is made by an announcement published at least thirty days prior to the last date of registration (Article 20).

### **20. Participation Entitlement**

- (1) Only those shareholders shall be entitled to participate in the General Meeting and to exercise voting rights who register in text form in either German or English within the time limit prior to the date of the General Meeting, and who validate their entitlement to participate in the General Meeting and to exercise their rights to vote according to (2) below. The registration and means of validation must arrive at the office cited in the invitation by the end of the 7th day prior to the date of the General Meeting. The invitation may impose a period shorter than 7 days.
- (2) In order to validate entitlement, a certificate in text form in German or English confirming ownership of shares is required from the depositary bank or depositary financial services institution; the certificate must relate to the start of the 21st day before the date of the General Meeting. In the case of shares not held in a securities depositary managed by a bank or a financial services institution at the relevant time, certification may be provided by the Corporation or by a notary, by a bank for the central depositary of securities or another bank or financial services institution.
- (3) In the event of doubts as to the correctness or authenticity of the certificate, the Corporation shall be entitled to demand a suitable further means of proof. If this means of proof is not forthcoming, or not provided in the appropriate form, the Corporation may refuse participation in the General Meeting and the exercise of voting rights.
- (4) Time limits per Articles 19 and 20 shall be calculated back from the non-inclusive date of the General Meeting; if the end of the time limit coincides with a Saturday, Sunday or a legally recognized public holiday at the Corporation's domicile, the previous working day shall then apply instead of that day.

### **21. Voting Rights**

- (1) Each ordinary share shall carry one vote.
- (2) The right to vote can be exercised by proxy. If neither a bank nor a shareholders' association is

appointed as proxy, the instrument appointing a proxy must be lodged in writing, by fax, or by some other electronic means to be determined by the Corporation. The details for lodging such instruments are published in the invitation to the General Meeting.

## **22. Right of Attendance and Voting Rights of Members of the Management Board of the Personally Liable Partner**

Members of the Management Board of the Personally Liable Partner have a right to attend the General Meeting. They may not exercise voting rights derived from their ownership of voting shares, nor exercise those by proxy on behalf of another, nor have their voting rights exercised by others in resolutions relating to:

- a) the election and dismissal of members of the Supervisory Board (shareholder representatives) and of the Shareholders' Committee;
- b) formal approval of the actions of the Personally Liable Partner, of the Supervisory Board and of the Shareholders' Committee;
- c) the appointment of special auditors;
- d) the adoption of resolutions asserting or relinquishing compensation claims;
- e) the appointment of auditors.

## **23. Chairperson, Attendance, Broadcast**

- (1) The Chairperson of the General Meeting is appointed by the Shareholders' Committee.
- (2) The Chairperson presides over the meeting. He or she further determines the type and form of voting to take place. When electing the Supervisory Board and the Shareholders' Committee, the Chairperson shall be entitled to put the election of several members of the Supervisory Board or the Shareholders' Committee jointly to the vote. The Chairperson is permitted to limit the time allowed to shareholders for putting questions and speaking before the Meeting. He or she is entitled in particular to stipulate at the beginning of the General Meeting or during its course a reasonable timeframe for speaking and putting questions, for the length of the General Meeting per se, for individual agenda items or for individual speakers.

- (3) Provided it has been duly announced in the Invitation to the General Meeting, the person chairing the meeting can allow the proceedings at a General Meeting to be broadcast in full or in part in audio or video format; the broadcast may also be made fully accessible to the general public. Similarly, where legally permissible, the person chairing the meeting can also allow attendance and voting at the General Meeting by electronic means.

## **24. Voting**

- (1) Unless otherwise required by mandatory provisions of statute or the Articles of Association, the resolutions of the General Meeting are adopted by simple majority of the votes cast and, where a majority of shares is required by statute, by simple majority of the voting stock duly represented at the time of resolution adoption.
- (2) Insofar as the resolutions of the General Meeting require the consent of the Personally Liable Partner, its representatives shall declare its consent or objection in the General Meeting.

## **25. Participation of the General Meeting in Management of the Corporation**

The General Meeting is entitled to participate in management of the Corporation. It may in particular decide on affairs of the Corporation which appear important to the General Meeting. The General Meeting delegates its participatory rights to the Shareholders' Committee.

## **VII. Shareholders' Committee**

### **26. Functions and Rights**

The Shareholders' Committee is required to carry out duties which have been assigned to it by the General Meeting or by the Articles of Association, and in particular to participate in management of the Corporation in place of the General Meeting. The Shareholders' Committee is responsible for resolving on the appointment and dismissal of Personally Liable Partners and holds both the power of representation and executive powers over the legal relationships prevailing between the Corporation and the Personally Liable Partner. Moreover, it exercises all rights arising from or in connection with

the shares held in the Personally Liable Partner by the Corporation, and it is, in particular, responsible for exercising the voting rights at the General Meeting of the Personally Liable Partner and exercising the power of disposal of all shares in the Personally Liable Partner. It may also issue Rules of Procedure incumbent upon the Personally Liable Partner.

#### **27. Composition**

- (1) The Shareholders' Committee consists of at least 5 and at the most 10 members.
- (2) The members of the Shareholders' Committee are elected by the General Meeting.
- (3) Members of the Management Board of the Personally Liable Partner may not be members of the Shareholders' Committee; membership on the Supervisory Board of the Corporation or on the Supervisory Board of the Personally Liable Partner may be combined with membership on the Shareholders' Committee.

#### **28. Term of Office**

- (1) The members of the Shareholders' Committee are elected until the close of the General Meeting that resolves on the formal approval of the fourth financial year following their election, unless their term of office is otherwise stipulated at the time of their election. The financial year in which the election takes place does not count.
- (2) The members of the Shareholders' Committee may resign their office at any time by giving written notice to the Chairperson of the Shareholders' Committee or to the Personally Liable Member.

#### **29. Chairperson and Vice-Chairperson**

- (1) The Shareholders' Committee shall elect a Chairperson and one or more Vice-Chairpersons for the term of office.
- (2) In case of absence of the Chairperson a Vice-Chairperson performs his or her functions.

#### **30. Convocation and Presidency**

The Chairperson of the Shareholders' Committee convenes and presides over its meetings. Invitation to the meetings may be in writing, verbal,

by telephone, by fax, by e-mail or by other electronic communication means. Invitations must be sent/communicated with two weeks' prior notice, at which time the agenda shall also be sent/transferred. In urgent cases, this period of notice may be reduced.

#### **31. Resolutions**

- (1) The Shareholders' Committee constitutes a quorum if all the members have been duly invited and half of the members participate in the voting procedure. Absent members of the Shareholders' Committee may participate in the voting procedure of the Shareholders' Committee by having their written votes submitted by other members.
- (2) The Shareholders' Committee adopts resolutions on the basis of a simple majority of the votes cast.
- (3) Resolutions of the Shareholders' Committee may, on order of the Chairperson, also be decided upon in a telephone or video conference or outside a meeting by votes submitted verbally, by telephone, in writing or in text form. Members of the Shareholders' Committee have no right to object to the form of resolution adoption stipulated by the Chairperson. Combined methods of resolution adoption are permitted.
- (4) Resolutions adopted in accordance with (3) above shall be notified by the Chairperson to all members. Moreover, minutes shall be kept of the meetings, dealings and resolutions of the Shareholders' Committee and these shall be signed by the Chairperson of the Shareholders' Committee and the minutes-taker.
- (5) Statements of the Shareholders' Committee to third parties are made by the Chairperson of the Shareholders' Committee.

#### **32. Subcommittees**

The Shareholders' Committee is entitled to create from its midst subcommittees, in particular a Human Resources Subcommittee, and to determine the functions and rights of such subcommittees in its Rules of Procedure. Decision-making powers of the Shareholders' Committee may also be assigned to such subcommittees.

### 33. Remuneration

- (1) The members of the Shareholders' Committee shall receive for their services, in addition to reimbursement of their cash disbursements, remuneration comprising a fixed-fee component and components based on the performance of the Corporation.
- (2) Each member of the Shareholders' Committee shall receive a fixed annual fee of 50,000 euros.
- (3) Each member of the Shareholders' Committee shall receive an annual remuneration of 2,400 euros per full 0.02 euros in dividend in excess of 0.25 euros in dividend paid on each preferred share for the financial year in respect of which the remuneration is paid.
- (4) Each member of the Shareholders' Committee shall receive a deferred conditional right to additional remuneration based on the long-term performance of the Corporation. The applicability and level of the additional remuneration are dependent on whether and to what extent the earnings per preferred share of the second financial year (reference year) following the financial year for which the right to the additional remuneration is granted (base year) exceeds the earnings per preferred share of the financial year preceding the base year. Calculation of the increase shall be based in each case on the earnings per share as stated in the duly audited, certified, adopted and approved consolidated financial statements of the financial years concerned – after adjusting for major exceptional items affecting earnings. If the increase is at least 15%, an amount of 600 euros shall be paid for each full percentage point of the total increase attained. If the increase is at least 21%, an amount of 700 euros shall be paid for each full percentage point of the total increase attained. If the increase is at least 30%, an amount of 800 euros will be paid for each full percentage point of the total increase attained. The entitlement to payment of the additional remuneration accrues solely to the members in office during the base year.
- (5) The remuneration components per paragraphs (3) and (4) above shall not exceed an amount of 50,000 euros in total per member of the Shareholders' Committee.
- (6) The Chairperson shall receive double the amount, the Vice-Chairperson one and a half times the total amount accruing to an ordinary member per paragraphs (2) to (5) above. Members who also belong to one or several subcommittees per Article 32 above shall, in addition, receive a remuneration component in the amount of the total remuneration accruing to a member, and double this amount if they are the Chairperson of one or several subcommittees. Members of the Shareholders' Committee who were only in office for a portion of the financial year in question or who performed the functions of the Chairperson or Vice-Chairperson within the Shareholders' Committee or a subcommittee for part of the year shall receive these remunerations on a pro-rata time basis.
- (7) Where a member of the Shareholders' Committee is also a member of the Supervisory Board of the Personally Liable Partner, and receives a remuneration for his or her activities on the Supervisory Board of the Personally Liable Partner, his or her remuneration for his or her activities on the Shareholders' Committee of the Corporation shall be reduced by the amount received by said member as remuneration for his or her activities on the Supervisory Board of the Personally Liable Partner.
- (8) The remuneration per (2) above becomes due at the end of the financial year in question. The remuneration per (3) above becomes due with the close of the General Meeting adopting the resolution on the appropriation of profit for the financial year concerned. The remuneration component per (4) above becomes due with the close of the General Meeting that decides upon the acceptance or adoption of the consolidated financial statements for the reference year concerned.
- (9) The Corporation shall maintain a Directors & Officers insurance policy for members of the corporate bodies and employees of the Henkel Group that shall also cover the members of the Shareholders' Committee.

## **VIII. Amendments to the Articles of Association**

### **34.**

The Supervisory Board or the Shareholders' Committee is entitled to resolve purely formal modifications of and amendments to the Articles of Association.

## **IX. Creation of Reserves and Use of Profits**

### **35.**

(1) When preparing the annual financial statements, the Personally Liable Partner may, with the approval of the Shareholders' Committee and that of the Supervisory Board, allocate up to half of the net earnings for the year to other revenue reserves.

(2) The unappropriated profit is distributed to the shareholders unless the General Meeting resolves otherwise. The distribution shall be as follows:

The holders of preferred shares receive a preferred dividend in the amount of 0.04 euros per preferred share. In the event that the unappropriated profit is not sufficient in any financial year to pay a preferred dividend of 0.04 euros per preferred share, the arrears shall be paid subsequently without interest out of the unappropriated profit of the following financial years in such a way that the prior arrears shall be paid off ahead of any newer arrears, and that the preferred dividend amounts for a financial year shall only be paid out of the profit for that financial year once all such arrears have been paid off. Out of the remaining unappropriated profit, first the holders of ordinary shares shall receive a dividend of up to 0.02 euros per ordinary share; the residual amount shall then be distributed to all shareholders in line with the proportion of the capital stock attributable to them.

(3) The General Meeting may approve a non-cash distribution instead of or in addition to a cash dividend.

## **X. Validity of the Articles of Association**

### **36.**

Should one or more provisions of these Articles of Association not be in conformity with the law, or should they be legally invalid or incomplete, then

the validity of the Articles of Association and its other provisions shall not be affected. In each case a legally admissible solution or formulation shall be sought that best serves the spirit and purpose of these Articles of Association."

## **Report to the Annual General Meeting on Point 10 of the Agenda**

The purpose of this report is to prepare the shareholders for the decision on the amended Articles of Association of Henkel KGaA (hereinafter referred to as the "**Corporation**"). In particular, explanations will be offered as to the future structure of the Corporation which arises as a result of transfer of the position of Personally Liable Partner to a joint stock entity, the reasons for this measure, the procedures involved and the individual changes to the Articles of Association.

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board of the Corporation are of the firm opinion that the changes associated with this measure will strengthen the position of the Corporation and extend its scope of action.

### **I. Future structure of the Corporation**

On expiry of the Annual General Meeting of April 14, 2008, Henkel Management AG is to be appointed the Personally Liable Partner of the Corporation. At the same time, the current sole Personally Liable Partner, Prof. Dr. Ulrich Lehner will resign from the Corporation. In future, no further Personally Liable Partner is to join the Corporation other than Henkel Management AG. The legal permissibility of the appointment of a joint stock entity as the sole Personally Liable Partner of a KGaA is today indisputable. The legal form of the Corporation will not be affected by this measure; it will remain a "Kommanditgesellschaft" [partnership limited by shares]. However, it will be necessary to change the name of Corporation in order to identify the limitation of liability (per §279 (2) of the German Stock Corporation Act (AktG)). Consequently, the Corporation will, in future, trade under the name "Henkel AG & Co. KGaA".

The sole shareholder of the new Personally Liable Partner is the Corporation. Such a structure in which a KGaA itself is the sole shareholder of the joint stock entity which, in turn, is the sole Personally Liable Partner of the KGaA is described as a “Unified Company”. The legal permissibility of such a unified company is unquestionable.

With the exception of Prof. Dr. Ulrich Lehner, the previous members of the Management Board of the Corporation are to be appointed members of the Management Board of Henkel Management AG. They will manage the businesses of Henkel AG & Co. KGaA in the future on an indirect basis in that they, as the Management Board, will manage the businesses of Henkel Management AG, the sole task of which is to assume liability and management of the businesses of Henkel AG & Co. KGaA.

Beyond this, the corporate governance of the Corporation will not undergo any change as a result of the change of the Personally Liable Partner. In particular, the legal positions of the shareholders, the General Meeting and the Supervisory Board of the Corporation will not be restricted by this measure. Minor changes arise solely with respect to the competences of the Shareholders’ Committee; these and the spheres of authority of the various corporate bodies are described in more detail in the following under Section IV.3.

## **II. Reasons for the measure**

The new structure offers a number of advantages which have persuaded the Personally Liable Partner, the Shareholders’ Committee and the Supervisory Board of the Corporation to take this step. The current structure of Henkel KGaA makes it necessary that at least one natural person from the corporate management assumes unlimited personal liability for the debts of the Corporation. For a globally active corporation of the size of Henkel KGaA, the assumption of such personal liability by the management bodies, whose participation in the capital stock of the corporation is typically negligible, is extremely unusual. This situation is also proving to be increasingly obstructive in the search for suit-

able executive management personnel. Owing to the global business activities of the Corporation, the top management of the Corporation is also becoming increasingly international in composition. The concept of personal liability being assumed by executive management personnel, as essentially associated with the legal form of a KGaA, is, however, largely unknown abroad. The corporate structure adopted to date could, for various reasons, lead to suitable executive management personnel not being prepared to act as Personally Liable Partner.

In the new structure, it is no longer necessary for a natural person to assume unlimited personal liability for the debts of the corporation. The position of Personally Liable Partner is to be permanently assigned to Henkel Management AG, the members of the corporate bodies of which are not personally liable for the debts of Henkel AG & Co. KGaA (nor for the debts of Henkel Management AG). However, there is no limitation on the liability arising from claims against members of the corporate/management bodies arising from culpable dereliction of duty. As the members of the Management Board will manage the businesses of Henkel AG & Co. KGaA indirectly in future as members of the Management Board of Henkel Management AG, they will be liable for culpable dereliction of duty in accordance with the strict criteria of (German) stock corporation law.

This measure is unlikely to result in any impairment to the creditworthiness or the credit ratings of the Corporation, as creditors will continue to be able to dispose of the entire volume of assets of the Corporation as liability coverage/guarantee funds, while the private assets of the previous Personally Liable Partner had, to all intents and purposes, already lost any practical relevance when set against the volume of business and the volume of assets of the Corporation.

A further advantage of appointing a joint stock entity as the Personally Liable Partner lies in the permanency of its existence. In future, there will no longer be any risk that, due to unforeseen circumstances, the Corporation might suddenly find itself without a Personally Liable Partner.

Finally, the proposed measure leads to a unified management structure. The distinction between Personally Liable Partners with partnership status and the resultant special rights and obligations on the one hand, and other members of the Management Board on the other, is eliminated. In future, there shall only be members of the Management Board of a certain unified category, from which the Supervisory Board may appoint one as the Chairperson. All members of the previous Management Board have already been appointed members of the Management Board of Henkel Management AG.

A certain disadvantage associated with the new structure arises in the costs incurred with the establishment and administration of Henkel Management AG. However, as Henkel Management AG does not have any employees of its own and its structure is to be kept as simple as possible (for details of the structure of Henkel Management AG, see below, Section IV.1.), this unavoidable disadvantage is significantly outweighed by the substantial advantages of the measure.

### **III. Implementation procedure**

#### **1. Change in the person of the Personally Liable Partner**

The introduction of the new structure initially requires a change in the person of the Personally Liable Partner. Utilizing the powers vested in it according to Art. 8 (2), Art. 9 (1) and Art. 26 of the Articles of Association, the Shareholders' Committee resolved on February 15, 2008 to appoint Henkel Management AG as the Personally Liable Partner with effect from the end of the Annual General Meeting and the coincident resignation of Prof. Dr. Ulrich Lehner from the Corporation, thereafter concluding the corresponding implementation agreements. Details relating to Henkel Management AG are provided in Section IV.1, and details relating to its appointment are provided in Section IV.2.

#### **2. Technical amendments to the Articles of Association**

The articles of association of a KGaA must contain the name of its Personally Liable Partner(s) (§281 (1)

of the German Stock Corporation Act (AktG)). If there is no natural person assuming liability, the name of the Corporation must contain an abbreviation indicating the limitation of liability (§279 (2) of the German Stock Corporation Act (AktG)). The resignation of Prof. Dr. Lehner and the appointment of Henkel Management AG as the Personally Liable Partner therefore results in two formal amendments to the Articles of Association. These changes to the Articles of Association are purely of a compositional nature. The power to implement changes to the Articles of Association which are purely of a compositional nature is entrusted to the Supervisory Board and the Shareholders' Committee in accordance with Art. 34. Consequently, based on the powers vested in it by Art. 34 of the Articles of Association, the Shareholders' Committee resolved on February 15, 2008, to correspondingly revise the Articles of Association as of the end of the Annual General Meeting (the associated changes being referred to hereinafter as "**technical amendments to the Articles of Association**"). These technical amendments to the Articles of Association have already been submitted by the Shareholders' Committee for entry in the Commercial Register; registration is to take place as soon as the measure becomes effective. Details on the technical amendments to the Articles of Association can be found in Section VI.1.

#### **3. Material amendments to the Articles of Association**

Aside from the technical amendments to the Articles of Association, further amendments to the Articles of Association (hereinafter referred to as "**material amendments to the Articles of Association**") will be conducive to optimizing the new structure. The Annual General Meeting is required to resolve on these material amendments, which have been incorporated in the proposed amended version of the Articles of Association. Details relating to the material amendments to the Articles of Association can be found in Section VI.2. The amendments will need to be entered in the Commercial Register and will only become effective once so registered. These material amendments to the Articles of Association do not constitute a legal prerequisite for implementation of the measure but will result in a

more clearly defined and more efficient distribution of competences between the corporate/management bodies as well as serving to improve the readability of the Articles of Association.

#### **IV. Details relating to Henkel Management AG, the Appointment Contract and the distribution of competences between the corporate/management bodies**

##### **1. Henkel Management AG**

Henkel Management AG is a German joint stock entity with its principal place of business in Düsseldorf, Germany. It was established on January 18, 2008 by Henkel KGaA and is recorded under HRB 58139 in the Commercial Register of the Amtsgericht, Düsseldorf [Düsseldorf District Court]. Its capital stock amounts to 1,000,000 euros and has been completely paid up by Henkel KGaA.

The sole shareholder of Henkel Management AG is Henkel KGaA. The Supervisory Board is currently constituted with Mr. Dipl.-Ing. Albrecht Woeste (Chair), Mrs. Dr. Simone Bagel-Trah and Mr. Prof. Dr. Ulrich Lehner which are dedicated members of the Shareholders' Committee to be elected. It is also planned in the future that members of the Shareholders' Committee will be members of this Supervisory Board. Members of the Management Board of Henkel Management AG are Messrs. Kaspar Rorsted (Chair), Thomas Geitner, Alois Linder, Dr. Friedrich Stara, Dr. Lothar Steinebach and Hans Van Bylen. Until the appointment of Henkel Management AG as the Personally Liable Partner becomes effective, these persons will also remain members of the Management Board of Henkel KGaA.

As Henkel Management AG only has one shareholder and holds none of the capital stock of Henkel AG & Co. KGaA, its Articles of Association have been kept simple. Where possible, the phraseology has been aligned to the Articles of Association of Henkel KGaA. The Articles of Association of Henkel Management AG are available for examination by shareholders at the business premises of Henkel KGaA, Building A 05 (Legal Department), Henkelstrasse 67,

40589 Düsseldorf, Germany and may also be viewed on and downloaded from the internet ([www.henkel.de/hv](http://www.henkel.de/hv); [www.henkel.com/agm](http://www.henkel.com/agm)). They will likewise be available for examination at the Corporation's Annual General Meeting.

The following provisions of the Articles of Association are worthy of particular notice:

- The entrepreneurial object of Henkel Management AG according to Art. 2 (1) is to participate in Henkel AG & Co. KGaA as the Personally Liable Partner and to manage the businesses of Henkel AG & Co. KGaA. According to Art. 2 (2), the activities of Henkel Management AG shall be limited to assumption of the liability and management of the businesses of Henkel AG & Co. KGaA, and it is not authorized beyond this scope to transact business for its own account or for the account of others, or to pursue other entrepreneurial activities.
- According to Art. 8, Henkel Management AG shall be legally represented by two members of the Management Board or by one member of the Management Board in conjunction with one holder of a statutory authority ("Prokura") of Henkel Management AG. Holders of statutory authority ("Prokura") may only be appointed such that they are authorized to represent the Entity in conjunction with a member of the Management Board or a further holder of statutory authority ("Prokura").
- According to Art. 9 (1), the Supervisory Board of Henkel Management AG comprises three members; in Art. 9 (5) membership of the Supervisory Board is expressly declared compatible with membership of the Supervisory Board or of the Shareholders' Committee of Henkel AG & Co. KGaA.
- According to Art. 14 (1), the members of the Supervisory Board of Henkel Management AG receive, in addition to reimbursement of their cash disbursements, an annual fee of 10,000 euros. The Chairperson of the Supervisory Board shall receive double the total amount, the Vice-Chairperson one and a half times the total amount of this fee. Members of the Supervisory Board

who are simultaneously members of the Supervisory Board or of the Shareholders' Committee of Henkel AG & Co. KGaA receive no remuneration.

## **2. Appointment Contract between the Corporation and Henkel Management AG**

The Appointment Contract between Henkel KGaA and Henkel Management AG was concluded on February 15, 2008 by the Shareholders' Committee (on behalf of Henkel KGaA) and the Management Board of Henkel Management AG (on behalf of the new Personally Liable Partner). The Appointment Contract governs the legal relationships between the two entities. Worthy of particular note are the following provisions:

- With effect from the end of the Annual General Meeting on April 14, 2008, Henkel Management AG shall join the Corporation as a Personally Liable Partner vested with the power of sole representation; it is authorized and obliged to manage and represent the Corporation. Henkel Management AG has not made a special contribution and is neither entitled nor obliged to do so. Henkel Management AG also does not participate in the profit or loss, or the assets (including the hidden reserves) of the Corporation. It bears statutory (co-)liability for the Corporation's debts incurred in external dealings. Otherwise, the position of Henkel Management AG as the Personally Liable Partner of Henkel AG & Co. KGaA is governed by the provisions of the Articles of Association of the Corporation as most recently amended.
- The actions of Henkel Management AG are restricted to the assumption of the liability and management of the businesses of the Corporation. It is not authorized beyond this scope to transact business for its own account or for the account of others, or to pursue other entrepreneurial activities. As regards the internal relationship, the Corporation holds Henkel Management AG safeguarded from claims arising from liabilities of the Corporation, unless the claim made against the Corporation derives from culpable dereliction of duty on the part of

Henkel Management AG as defined in §93 of the German Stock Corporation Act (AktG).

- Henkel Management AG undertakes to ensure that its Management Board members shall not engage in trading activities or transact business for its own account or for the account of third parties in the field of activity of the Corporation, or engage as a member of an executive or managing board, managing director or personally liable partner of another trading company that is not affiliated to the Corporation, without the approval of the Shareholders' Committee of the Corporation.
- In the legal relationships between the Corporation and Henkel Management AG, the Corporation shall be represented by the Shareholders' Committee.
- Henkel Management AG shall receive an annual remuneration amounting to 5% of its capital stock plus any VAT due on that amount irrespective of any profit or loss made, as compensation for the assumption of said personal liability and business management duties.
- Henkel Management AG shall be entitled to reimbursement of all the expenses arising in relation to the management of the businesses of the Corporation, including remuneration of the members of its corporate bodies. The remuneration shall be commensurate with the functions of the corporate body member and the position and standing of the Corporation.
- Henkel Management AG shall be dismissed from the Corporation in the event particularly that a person or entity other than the Corporation acquires shares in Henkel Management AG.

## **3. Distribution of competences between the corporate/management bodies**

The appointment of Henkel Management AG as Personally Liable Partner only has minor effects on the corporate governance of the Corporation. The rights of the shareholders and of the General Meeting remain undiminished. The same applies to the duties and competences of the Supervisory Board of the Corporation. The Shareholders' Committee likewise retains its former functions and powers subject to the changes described below.

In particular, there is no change in the entitlement of the General Meeting to participate in the management of the Corporation and to delegate these participatory rights to the Shareholders' Committee. The Shareholders' Committee may impose Rules of Procedure on the Personally Liable Partner. On February 15, 2008, the Shareholders' Committee exercised this right. Aside from editorial amendments, these Rules of Procedure correspond to the previous Rules of Procedure incumbent upon the Management Board. It is expressly stated in Art. 26 of the Corporation's Articles of Association that the Shareholders' Committee is responsible for exercising all rights arising out of or in connection with the shares in Henkel Management AG held by the Corporation, particularly the voting rights associated therewith.

A certain change in corporate governance arises from the fact that, while the Shareholders' Committee appointed the Personally Liable Partners (and also the other members of the Management Board) and was thus directly responsible for selecting the people required to manage the businesses of the Corporation, henceforth appointment of the members of the Management Board of Henkel Management AG will be the responsibility of the Supervisory Board of Henkel Management AG. The competences of the Shareholders' Committee (and of Henkel AG & Co. KGaA as the sole shareholder) are not, however, materially restricted by this situation: in future, the Shareholders' Committee shall exercise the voting rights held by Henkel AG & Co. KGaA in the General Meeting of Henkel Management AG, and shall therefore also be responsible for appointing the members of the Supervisory Board. It is intended that the Supervisory Board of Henkel Management AG shall exclusively comprise members of the Shareholders' Committee. This means that the Shareholders' Committee shall continue to be involved in the selection and appointment of those people required to manage the businesses of the Corporation, so that in de facto terms there is no change in the situation. In all other cases, the competence of the Shareholders' Committee to decide upon the dismissal of a Personally Liable

Partner and the appointment of a new Personally Liable Partner remains unaffected.

## **V. Effects on the shareholders of the Corporation**

The legal position of the shareholders of the Corporation is not affected by the change in the Personally Liable Partner. There are no fiscal repercussions under German tax law. Whether the same also applies to shareholders subject to statutory tax regulations abroad cannot be said with complete certainty. Consequently, every shareholder is advised to have their personal tax situation examined by their personal tax adviser.

## **VI. Explanations of the newly amended Articles of Association of the Corporation**

The changes to the Articles of Association resulting from the change in the Personally Liable Partner are classified according to whether they are technical amendments (cf. 1. below), material amendments (cf. 2. below) or purely linguistic and editorial amendments (cf. 3. below). Aside from the amendments to the Articles of Association caused by the change in Personally Liable Partner, the new version of the Articles of Association also contains amendments that do not relate to this measure (cf. 4. below).

### **1. Technical amendments to the Articles of Association**

As already mentioned, the resignation of Prof. Dr. Ulrich Lehner and the appointment of Henkel Management AG as the sole Personally Liable Partner requires two technical amendments to the Articles of Association which have already been resolved by the Shareholders' Committee and submitted for entry in the Commercial Register. The provisions of the Articles of Association involved are as follows:

- Art. 1 (1) as amended: According to §279 (1) of the German Stock Corporation Act (AktG), the name of a "Kommanditgesellschaft auf Aktien" [limited liability partnership] in which there is no natural person assuming personal liability, must

contain an element indicating the limitation of liability. The amended Art. 1 (1) of the Articles of Association therefore cites the new name of the Corporation (“Henkel AG & Co. KGaA”) together with a clear mention of the fact that the Corporation is indeed a “Kommanditgesellschaft auf Aktien”.

- Art. 8 (1) as amended: According to §281 of the German Stock Corporation Act (AktG), the Articles of Association must contain the last name, first name and domicile of each Personally Liable Partner. In Art. 8 (1), therefore, Henkel Management AG has to be shown as the Personally Liable Partner with its name and domicile/principal place of business. With Prof. Dr. Ulrich Lehner resigning as Personally Liable Partner, his name is deleted.

## **2. Material amendments to the Articles of Association**

The Personally Liable Partner, the Shareholders’ Committee and the Supervisory Board of the Corporation propose the following material amendments to the Articles of Association for the purpose of achieving proper formalization of the structure arising from the change in the Personally Liable Partner:

- Art. 8 (2), (3) as amended: These newly introduced provisions of the Articles of Association ensure that the actions of Henkel Management AG are restricted to performing the tasks incumbent upon the Personally Liable Partner (Art. 8 (2)), that Henkel Management AG does not participate in the profit and loss of the Corporation and, in the event of its severance, Henkel Management AG receives no severance settlement (Art. 8 (3)). The Appointment Contract and, in part, the Articles of Association of Henkel Management AG contain similar provisions.
- Art. 8 (5) sentences 1 and 2; Art. 8 (4) sentence 2 as amended: According to the new Art. 8 (5), Henkel Management AG shall depart the Corporation as soon as the Corporation no longer holds all the shares in Henkel Management AG. As a result of these provisions, the content of which is identically reflected in the Appointment Contract, it

is ensured that the model of a unified company and the associated influence of the corporate bodies of the Corporation on Henkel Management AG is permanently maintained – contrary decisions imposed by the shareholders of the Corporation notwithstanding. This permanency is further safeguarded by the newly introduced Art. 8 (4) sentence 2 which extends all the provisions of the Articles of Association concerning the Personally Liable Partner to any new Personally Liable Partners appointed.

- Art. 8 (6) as amended: In the event of Henkel Management AG leaving the Corporation, this newly introduced provision obliges the Shareholders’ Committee to appoint at least one new Personally Liable Partner immediately and, at the latest, at the time of departure of Henkel Management AG. The purpose here is to safeguard the Corporation from the situation where there is no Personally Liable Partner in place.
- Art. 8 (4) current version: Art. 8 (4) in its current version is based on the presumption that natural persons will fill the position of Personally Liable Partner and must therefore be deleted as no longer applicable to the future. Provisions regulating the remuneration of the members of the Management Board of Henkel Management AG have been included as Art. 9 (2) of the amended Articles of Association.
- Art. 9 (1) sentence 2 as amended: This revised provision adapts the regulations governing remuneration and reimbursement of expenses to the new situation (no natural person as Personally Liable Partner) and stipulates that the agreement to be concluded between the Corporation and the Personally Liable Partner also extends to the remuneration of the Personally Liable Partner for assumption of liability and for reimbursement of all the expenses arising in relation to the management of the businesses of the Corporation. These requirements have also been included in the Appointment Contract between Henkel Management AG and the Corporation (cf. Section IV.2. above).
- Art. 9 (2) as amended: This newly introduced provision clearly stipulates, in the first instance,

that the principles of §87 (1) and §113 (1) sentence 3 of the German Stock Corporation Act (AktG) (appropriate relationship between remuneration on the one hand and, on the other, the functions of the management body member and the position and standing of the company) apply to the remuneration of the corporate body members of Henkel Management AG (Management Board, Supervisory Board). Secondly, it extends the regulations governing the publication of the remuneration of individual corporate body members (§285 no. 9 a) sentence 5 to 9, §314 no. 9 a) sentence 5 to 9 of the German Commercial Code (HGB) to the members of the Management Board and of the Supervisory Board of Henkel Management AG, which is not a publicly listed joint stock corporation. The remuneration shall be disclosed in the notes to the annual financial statements and the consolidated annual financial statements of Henkel AG & Co. KGaA or at some other suitable position in the annual financial statements, consolidated annual financial statements or the (Group) management report of the Corporation in accordance with the statutory provisions applicable to publicly listed joint stock corporations. Such disclosure can only be waived on the basis of a resolution passed by the General Meeting of Henkel AG & Co. KGaA.

- Art. 10 as amended: In the new Art. 10 (1) the different regulations governing the representation of the Corporation by one or several Personally Liable Partners has been deleted because, in future, Henkel Management AG is to be the sole Personally Liable Partner. Henkel Management AG, represented in turn by the Management Board, represents Henkel AG & Co. KGaA in its relationships with third parties. In legal relationships between Henkel Management AG and Henkel AG & Co. KGaA, and also in the exercise of rights arising from or in connection with the shares in Henkel Management AG held by Henkel AG & Co. KGaA, it is the Shareholders' Committee that, according to the newly worded Art. 10 (1) sentence 2, represents Henkel AG & Co. KGaA. Also in the new Art. 10 (2) it is clearly stated that the previous arrangement related solely to hold-

ers of statutory authority ("Prokura") of Henkel AG & Co. KGaA, and not to holders of statutory authority ("Prokura") of Henkel Management AG. For the holders of statutory authority ("Prokura") of Henkel Management AG, Art. 8 (2) of the Articles of Association of Henkel Management AG applies (cf. also Section IV.1. above).

- Art. 11, Art. 26 sentence 4 as amended: As management of the businesses of the Corporation is exclusively the responsibility of Henkel Management AG, the previous regulations governing business management and the members of the Management Board included in Art. 11 (1) are no longer applicable. In the amended Art. 11 (1) sentence 2 (and in Art. 10 (1) sentence 2 with respect of powers of representation), exempted from the managerial powers of Henkel Management AG are the legal relationships between Henkel Management AG and Henkel AG & Co. KGaA and also the exercise of rights arising from or in connection with the shares in Henkel Management AG held by Henkel AG & Co. KGaA, these powers being assigned to the Shareholders' Committee. In the newly amended Art. 11 (2), the issue of Rules of Procedure incumbent upon the Personally Liable Partner by the Shareholders' Committee is no longer compulsory but remains possible. This provision is repeated in the new Art. 26 (4). The Shareholders' Committee issued such Rules of Procedure on February 15, 2008. The previous provisions of Art. 11 (3) and (4) relating to a Management Board comprised of several members are no longer applicable.
- Art. 16 and Art. 26 as amended: The regulations governing the powers of representation and business management previously assigned to the Shareholders' Committee (Art. 10 and Art. 11 as amended) are repeated in the amended Art. 26 sentence 2 and 3. In addition, Art. 16 (2) clearly states that the Shareholders' Committee and not the Supervisory Board represents the Corporation in the relationship with the Personally Liable Partner.
- Art. 12 and Art. 27 as amended: In the amended Art. 12 (3) it is clearly stated that members of the Supervisory Board of the Corporation may also resign their office by written notice

addressed to Henkel Management AG. The revised Art. 12 (5) stipulates that members of the Management Board of Henkel Management AG cannot be members of the Supervisory Board of Henkel AG & Co. KGaA. However, the provisions do allow members of the Supervisory Board of Henkel Management AG and members of the Shareholders' Committee to be members of the Supervisory Board of Henkel AG & Co. KGaA. A corresponding specific regulation relating to members of the Shareholders' Committee has also been included in the new Art. 27 (3). In the Articles of Association of Henkel Management AG, Art. 9 (5) contains a corresponding provision relating to the members of the Supervisory Board of Henkel Management AG.

- Art. 17 and Art. 33 as amended: The newly introduced Art. 17 (7) and Art. 33 (7) state that the remunerations of members of the Supervisory Board of the Corporation and of members of the Shareholders' Committee who are also at the same time members of the Supervisory Board of Henkel Management AG shall be set off one against the other. Any remuneration for membership of the Supervisory Board of Henkel Management AG is fully set off against remunerations for service on the Supervisory Board of the Corporation or on the Shareholders' Committee. This regulation ensures that members of the Supervisory Board/Shareholders' Committee of the Corporation do not receive double the remuneration amount. Irrespective of this regulation, members of the Supervisory Board of Henkel Management AG who are simultaneously members of the Supervisory Board or of the Shareholders' Committee of the Corporation, receive no remuneration as per Art. 14 (1) sentence 5 of the Articles of Association of Henkel Management AG.

### 3. Linguistic and other amendments in connection with the measure

- Purely linguistic amendments and corrections (in particular adjustments in the German text to gender and singular/plural forms) can be found in Art. 6 (5) sentences 1, 5 and 6; Art. 9 (1) sentence 1 and (3); Art. 10 (2); Art. 11 (2); Art. 17 (6),

Art. 19 (2); and Art. 35 (1) of the amended Articles of Association.

- Numerous provisions in the Articles of Association relate in the current version to the Management Board or its members. Because, in future, the Personally Liable Partner is to assume sole responsibility for business management, these provisions need to be adapted accordingly. One of these amendments has already been mentioned; in addition, the following provisions are affected: Art. 16 (5) and (18); Art. 22; Art. 24 (2); Art. 26 sentence 2 and 4; Art. 27 (3); Art. 28 (2) of the amended version.

### 4. Amendments to the Articles of Association not associated with the measure

In respect of some provisions of the Articles of Association, the Personally Liable Partner, the Shareholders' Committee and the Supervisory Board of the Corporation propose that amendments be made which have no connection with implementation of the new structure of the Corporation. However, they appear appropriate in terms of performing a moderate revision and modernization of the Articles of Association.

- The new Art. 4 (2) enables the communication of information to the bearers of registered securities of the Corporation by remote data transmission.
- By way of derogation from §60 (2) of the German Stock Corporation Act (AktG), the amended Art. 6 (3) ensures that, in the event of an increase in the capital stock, there is sufficient scope to allow, in particular, for the newly issued shares to participate in profits without the need to specify a precise time or amount of subscription paid.
- The new Art. 6 (4) sentence 3 stipulates that the Personally Liable Partner shall determine the form of the share certificates and of the profit participation and renewal certificates to be applied.
- The addition to Art. 12 (4) states that the General Meeting may elect a successor to a prematurely departing member of the Supervisory Board in precedence to a substitute member.

- The revised Art. 13 (1) increases the flexibility available in the selection of the Chairperson and the Vice-Chairperson of the Supervisory Board, the term of office of whom in future no longer has to correspond to their term of office as a member of the Supervisory Board.
- The amended Art. 14 (2) sentence 2 expressly allows the use of modern communications technology for sending invitations to Supervisory Board meetings, while the newly introduced Art. 14 (2) sentence 4 allows, in urgent cases, the normal period of notice required for convocation of such meetings to be reduced. According to the amended Art. 15 (4), resolutions of the Supervisory Board may, on order of the Chairperson, also be decided upon through the use of modern communications technology. Also expressly allowed are so-called combined methods of resolution adoption in which the votes may be cast by some members physically attending the meeting and by others using technical communication means. The newly introduced Art. 15 (5) sentence 1 stipulates that resolutions adopted shall be notified in writing by the Chairperson to all members. For the Shareholders' Committee, Art. 30 sentence 2 and Art. 31 (3) and (4) sentence 1 contain similar provisions as these new regulations applicable to the Supervisory Board.
- In the new Art. 15 (2) sentence 3, it is stated that the casting vote of the Chairperson of the Supervisory Board may also be made in writing.
- The addition to Art. 19 (3) allows a shorter period of notice for convocation of the General Meeting where this is legally permissible.
- The addition to Art. 24 (1) serves to make clear that, where a capital majority is required within the General Meeting, this shall be taken to mean a simple majority of the voting shares represented at the time of resolution adoption or rejection.
- Art. 36 and Art. 37 are no longer applicable and have therefore been deleted.

## **11. Consent to Amendment of the control and profit transfer agreements between Henkel KGaA and Henkel Loctite-KID GmbH and Elch GmbH respectively**

Between Henkel KGaA as the controlling entity on the one hand and, on the other, Henkel Loctite-KID GmbH, Garching, Germany and Elch GmbH, Leverkusen, Germany as controlled companies, there exists in each case a control and profit transfer agreement which the Annual General Meeting approved on April 10, 2006: the agreements became effective with entry in the Commercial Register on June 14, 2006 (Elch GmbH) and August 31, 2006 (Henkel Loctite-KID GmbH). With regard to the regulations governing the transfer of losses, express reference is made in §3 of the agreement to the regulations stipulated in §302 (1) to (3) of the German Stock Corporation Act (AktG).

In 2004, §302 of the German Stock Corporation Act (AktG) was extended to include a new paragraph (4) introducing a statute of limitations. In a recent opinion of the financial administration, the recognition of a single-entity relationship for the purpose of corporate income tax requires that either an express reference is also made to §302 (4) of the German Stock Corporation Act (AktG) or a general reference is made to §302 of the German Stock Corporation Act (AktG).

In order to ensure the ongoing recognition of our single-entity relationship for the purpose of corporate income tax, in the amended agreements dated December 14, 2007, §3 of each of the control and profit transfer agreements was amended as follows:

### **“§3 Loss transfer**

§302 of the German Stock Corporation Act (AktG) in its latest amended version shall apply in all cases. The parent company is obliged in accordance with the provisions of §302 (1) AktG to compensate for any annual loss arising during the term of the agreement to the extent that this is not offset by amounts which have deposited during the term of the agreement being transferred from the free reserves (other revenue reserves to §272 (3) of the German Commercial Code (HGB) and capital reserves arising from funds added per §272 (2) no. 4 HGB).”

The Personally Liable Partner, the Shareholders' Committee and the Supervisory Board propose that the above amendments to the respective control and profit transfer agreements be approved.

### **Documents available for examination**

Once the Annual General Meeting has been announced, the following documents will be available for inspection by shareholders at the business premises of Henkel KGaA, Building A 05 (Legal Department), Henkelstrasse 67, 40589 Düsseldorf, Germany:

- Agenda items 1 and 2: Annual financial statements, consolidated annual financial statements, management reports for the Corporation and the Group, Report of the Supervisory Board, proposal of the Personally Liable Partner for appropriation of profit
- Agenda item 10: Comparison of the current and the new versions of the Articles of Association of the Corporation and the Articles of Association of Henkel Management AG, together with the report to the Annual General Meeting.
- Agenda item 11: Amended agreements and the annual financial statements of the contracting companies and the management reports of Henkel KGaA for the last three financial years, and the joint report of the managements of Henkel Loctite-KID GmbH and Elch GmbH separately, prepared together with the Personally Liable Partner of Henkel KGaA regarding the amendments to the respective inter-company agreements.

The above documents are available via the internet ([www.henkel.de/hv](http://www.henkel.de/hv); [www.henkel.com/agm](http://www.henkel.com/agm)) and will also be made available at the Annual General Meeting of Henkel KGaA.

### **Total number of shares and voting rights at the time of convocation of the Annual General Meeting**

At the time of convocation of the Annual General Meeting, the capital stock of the Corporation amounted to 437,958,750 euros. This is divided into a total of 437,958,750 bearer shares of no par value with a proportional nominal value of 1.00 euro each, of which

259,795,875 are ordinary shares carrying the same number of voting rights, and 178,162,875 are preferred shares with no voting rights.

### **Participation in the Annual General Meeting and exercise of voting rights**

In accordance with Art. 20 of the Articles of Association, only those shareholders who, by the end of **April 7, 2008**, transmit to the Corporation a written certificate issued by their depositary bank validating ownership of shares shall be entitled to participate in the Annual General Meeting (ordinary and preferred shares) and to exercise voting rights (ordinary shares only). This certificate should be sent to the following address:

**Henkel KGaA**  
**c/o Deutsche Bank AG**  
**- General Meetings -**  
**60272 Frankfurt am Main, Germany**  
**Fax: + 49 (0) 69 / 12012 - 86045**  
**e-mail: [WP.HV@Xchanging.com](mailto:WP.HV@Xchanging.com)**

Proof of share ownership must relate to the start of the **21st day prior to the Annual General Meeting**. In the case of shares not held in a securities depositary managed by a bank or a financial services institution at the relevant time, certification may be provided by the Corporation or by a notary, by a bank for the central depositary of securities or another bank or financial services institution. Registration and certification must be in text form and in the German or English languages (§126b of the German Civil Code (BGB)).

Please note that, in terms of your relationship with the Corporation, for participation in the Annual General Meeting (holders of ordinary and holders of preferred shares) and for the exercise of your voting rights (holders of ordinary shares only), only shareholders who have provided said certificate will be recognized as such. In the event of doubt as to the correctness or authenticity of the certificate, the Corporation is entitled to demand a further suitable means of proof. If this means of proof is not forthcoming, or is not provided in the appropriate form, the Corporation may refuse the shareholder entry and participation.

On receipt of the certificate validating their ownership of shares, the shareholders concerned will be sent admission cards for the Annual General Meeting by the Registration Office. In order to ensure the timely receipt of these admission cards, we request that shareholders intending to attend the Annual General Meeting request an admission card from their depositary bank at the earliest possible time. The requisite registration and certification of share ownership will then be carried out by the depositary bank.

In order to ensure efficient organization of the Annual General Meeting, we request that you register early, and that you only register if you seriously intend to participate in the Annual General Meeting.

### **Proxies to exercise voting rights**

Shareholders not wishing to attend the Annual General Meeting personally may have their voting rights (ordinary shares only) exercised at the Annual General Meeting by proxy, e.g. by a bank or a shareholders' association.

Unless otherwise indicated below, proxies must be issued in writing or by fax; banks and shareholders' associations may impose their own rules and regulations with respect to their own proxies/powers of attorney.

As usual, we also offer our shareholders the option of being represented at the Annual General Meeting by proxyholders nominated by the Corporation. The shareholders wishing to avail themselves of this facility require for this purpose an admission card to the Annual General Meeting to which a corresponding proxy form is attached.

Insofar as proxyholders nominated by the Corporation are vested with this authority of representation, a proxy must be issued by the shareholder concerned together with special instructions as to how the voting rights are to be exercised. Without such instructions, the proxy is invalid. The proxyholders are obliged to cast the votes as instructed and may not exercise voting rights at their own discretion. Please note that proxyholders will not accept instructions to propose motions, to speak or to ask questions. Shareholders wishing to avail themselves of said facility must submit their completed and signed proxy form to the address given in the proxy form by **April 9, 2008** at the latest.

The proxy and instructions to the proxyholders nominated by the Corporation may be issued electronically via the internet instead of in written form, using the procedures stipulated by the Corporation. Proxies and instructions may still be issued or amended via the internet on the date of the Annual General Meeting until the end of the address given by the Chairman of the Management Board.

Details relating to the issue of proxies and instructions to the proxyholders nominated by the Corporation – particularly via the internet – are contained in an instruction leaflet that will be sent to all shareholders with the admission card. The corresponding information is also available on the internet ([www.henkel.de/hv](http://www.henkel.de/hv); [www.henkel.com/agm](http://www.henkel.com/agm)).

### **Broadcast of portions of the Annual General Meeting via the internet**

The opening of the Annual General Meeting by the Chairman of the Meeting and also the address given by the Chairman of the Management Board can be followed live via the internet by anyone wishing to do so. The voting results will also be published on the internet after the Annual General Meeting.

## **Motions and election nominations submitted by shareholders**

Any motions or election nominations by shareholders as envisaged in §126 and §127 of the German Stock Corporation Act (AktG) should be exclusively submitted to:

**Henkel KGaA**

**- Annual General Meeting 2008 -**

**Investor Relations**

**Henkelstrasse 67**

**40589 Düsseldorf, Germany**

**Fax: + 49 (0) 211 / 798 - 2863**

**e-mail: [investor.relations@henkel.com](mailto:investor.relations@henkel.com)**

Motions or election nominations submitted by shareholders to the above address and received by the end of **March 31, 2008** (24.00 hours) will, following validation of share ownership, be made available to other shareholders via the internet ([www.henkel.de/hv](http://www.henkel.de/hv); [www.henkel.com/agm](http://www.henkel.com/agm)). Motions or election nominations not properly addressed or late arriving will be ignored. Any response from management will likewise be published under the internet address indicated.

## **Publication in the electronic Federal Gazette**

The invitation to the Annual General Meeting was published in the electronic Federal Gazette of February 27, 2008.

Düsseldorf, February 2008

Henkel KGaA

The Personally Liable Partner



Henkel

*A Brand Like a Friend*